


78 01298

Berrenda Mesa Water District
Kern County, California
\$3,000,000
Warrants 1977, Series A

2055, 1218 --



Sale: November 14, 1977
Bartle Wells Associates



Digitized by the Internet Archive
in 2024 with funding from
State of California and California State Library

<https://archive.org/details/C123309435>

SUGGESTED FORM OF PROPOSAL
FOR PURCHASE OF BONDS

November 14, 1977

Mr. H. Ronald Lampson, Secretary
Berrenda Mesa Water District
c/o Bartle Wells Associates
100 Bush Street, 28th Floor
San Francisco, California 94104

Gentlemen:

For \$3,000,000 Warrants 1977, Series A, as described in the Notice Inviting Bids, which is incorporated herein and made a part of this proposal, we will pay the sum of \$3,000,000, a premium of \$_____, and interest to the date of their delivery for bonds to bear interest at the annual rates set forth below:

Cumulative Bond Years	Maturity		Principal Amount	Interest Rate	Cumulative Bond Years	Maturity		Principal Amount	Interest Rate
	Date	Nov. 1				Date	Nov. 1		
1,200	1979		\$600,000	_____%	6,500	1981		\$800,000	_____%
3,300	1980		\$700,000	_____%	11,000	1982		\$900,000	_____%

A certified or cashier's check in the amount of \$25,000 payable to the order of Berrenda Mesa Water District is enclosed.

(For information only, not part of proposal)

Interest payable from November 1, 1977
through November 1, 1982

\$_____

Less premium \$_____

Net interest payable \$_____

Net effective interest rate _____%

(A list of members of our underwriting
group is attached.)

INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

NOV 3 1977

UNIVERSITY OF CALIFORNIA

RESOLUTION NO. 433
RESOLUTION OF THE BOARD OF DIRECTORS OF
BERRENDA MESA WATER DISTRICT PROVIDING
FOR THE SALE OF WARRANTS AND FIXING THE
TIME AND PLACE FOR TAKING BIDS THEREFOR

WHEREAS, the Board of Directors, at its meeting held on October 4, 1977, adopted Resolution No. 431 authorizing the District to issue \$3,000,000 warrants of said District; and

WHEREAS, this Board of Directors finds it necessary and desirable to issue and sell said warrants and that bids be invited for said warrants and that if bids are satisfactory said warrants be sold in the manner and at the time and place hereinafter set forth;

NOW, THEREFORE, the Board of Directors of Berrenda Mesa Water District DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

SECTION 1. That sealed proposals for the purchase of warrants of said District in the amount of \$3,000,000 be received on November 14, 1977, at the hour of 11:00 o'clock a.m. (P.S.T.) at the offices of Bartle Wells Associates, Shell Building Penthouse, 100 Bush Street, San Francisco, California.

SECTION 2. That the Secretary of the Board is hereby authorized and directed to be furnished to prospective bidders copies of the Notice Inviting Bids, but failure in whole, or in part, to comply with this section shall not in any manner affect the validity of the sale of said warrants.

SECTION 3. That said notice shall be substantially as follows:

NOTICE INVITING BIDS ON \$3,000,000
WARRANTS OF BERRENDA MESA WATER
DISTRICT

NOTICE IS HEREBY GIVEN that sealed proposals for the purchase of \$3,000,000 par value general obligation warrants of BERRENDA MESA WATER DISTRICT of Kern County, California, will be received by the Board of Directors of said District at the place and time to the time below specified:

TIME: 11:00 o'clock a.m. (P.S.T.)

November 14, 1977

PLACE: Offices of Bartle Wells Associates
 Shell Building Penthouse
 100 Bush Street
 San Francisco, California

MAILED BIDS: Addressed to:
 H. Ronald Lampson, Secretary
 Berrenda Mesa Water District
 c/o Bartle Wells Associates
 100 Bush Street
 San Francisco, California 94104

The bids will be opened and read at the aforementioned time and place. It is anticipated that the Board of Directors will award said warrants at a meeting to be held November 15, 1977, at the offices of Berrenda Mesa Farming Company on Highway 33, approximately 3 1/4 miles north of Blackwell's Corner, California.

ISSUE: The \$3,000,000 warrants are authorized by the Board of Directors of the District by its Resolution No. 431 adopted on October 4, 1977. Said warrants shall be dated November 1, 1977, shall be in the denomination of \$5,000 each, and shall be 600 in number, numbered 1 to 600, both inclusive. Said warrants shall mature on November 1 in each of the years as follows:

Year of Maturity	Amount Maturing Each Year
1979	\$600,000
1980	700,000
1981	800,000
1982	900,000

INTEREST: The warrants shall bear interest at a rate to be fixed upon the sale thereof but not to exceed eight percent (8%) per annum, payable semiannually on the first days of May and November.

PAYMENT: Said warrants and the interest thereon are payable in lawful money of the United States of America at the main office of United California Bank in the City of Los Angeles, California.

CALLABLE: Warrants maturing 1979-1982 are callable as a whole or in part on any interest payment date on or after November 1, 1978, in inverse order of maturity and by lot within each maturity. Premium is one-quarter of one percent (1/4 of 1%) per year, or portion of a year, from the date of redemption to the fixed maturity date, but with a maximum premium of three-fourths of one percent (3/4 of 1%).

PURPOSE OF ISSUE: Said warrants were authorized for lawful District purposes, including funds to pay for water purchases.

SECURITY: The warrants shall constitute general obligations of the District payable from annual assessments to be levied upon and collected from the lands within the District, except to the extent that provision for such payment has been made by the Board of Directors of the District, as may be permitted by law. The annual assessments shall be subject to the maximum property tax rate contained in Chapter 3 (commencing with Section 2201) of Part 4 of Division 1 of the Revenue and Taxation Code. It shall be the duty of this Board to include in its annual estimate of assessments and revenues needed all sums necessary to pay the principal of, and interest on, all warrants coming due during the next year, and any sums that the Board shall direct to be set aside for future payment of principal and interest on any outstanding warrants which will come due in any year following the next year.

TERMS OF SALE

Interest Rate: The maximum rate bid may not exceed eight percent (8%) per annum, payable semiannually. Not more than one interest rate may be bid.

Award: The warrants shall be sold for cash only. All bids must be for not less than all of the warrants hereby offered for sale and each bid shall state that the bidder offers par and accrued interest to the date of delivery, the premium, if any, and the interest rate not to exceed that specified herein, at which the bidder offers to buy said warrants. Each bidder shall state in his bid the total net interest cost in dollars and the average net interest rate determined thereby, which shall be considered informative only and not a part of the bid.

Highest Bidder: The warrants will be awarded to the highest responsible bidder or bidders considering the interest rate specified and the premium offered, if any. The highest bid will be determined by deducting the amount of the premium bid (if any) from the total amount of interest which the District would be required to pay from the date of said warrants to the respective maturity dates thereof at the rate specified in the bid and the award will be made on the basis of the lowest net interest cost of the District. The purchaser

must pay accrued interest (computed on a 360-day year basis) from the date of the warrants to the date of delivery.

Right of Rejection: The District reserves the right, in its discretion, to reject any and all bids and, to the extent not prohibited by law, to waive any irregularity or informality in any bid.

Prompt Award: The District will take action awarding the warrants or rejecting all bids not later than twenty-six (26) hours after the expiration of the time herein prescribed for the receipt of proposals; provided that the award may be made after the expiration of the specified time if the bidder shall not have given to said Board notice in writing of the withdrawal of such proposal.

Place of Delivery: Delivery of the said warrants will be made to the successful bidder at Jerrifires Banknote Company, 1330 West Pico Boulevard, Los Angeles, California, or at any other place mutually agreeable.

Prompt Delivery, Cancellation for Late Delivery: It is expected that said warrants will be delivered to the successful bidder within thirty (30) days from the date of sale thereof. The successful bidder shall have the right, at his option, to cancel the contract of purchase if the District shall fail to execute the warrants and tender them for delivery within sixty (60) days from the date of the sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying his bid.

Form of Bid: Each bid, together with the bid check, must be in a sealed envelope, addressed to the District, with the envelope and bid clearly marked:

"PROPOSAL FOR BERRENDA MESA WATER
DISTRICT WARRANTS 1977, SERIES A"

Bid Check: A certified or cashier's check on a responsible bank or trust company in the amount of \$25,000, payable to the order of the District, must accompany each proposal as a guaranty that the bidder, if successful, will accept and pay for said warrants in accordance with the terms of his bid. The proceeds of the check accompanying any accepted proposal shall be applied on the purchase price or, if such proposal is accepted but not performed, unless such failure of performance shall be caused by any act or omission of the District, shall then be retained by the District. The check accompanying each unaccepted proposal will be returned promptly.

Change in Tax Exempt Status: At any time before the warrants are tendered for delivery the successful bidder may disaffirm and withdraw the proposal if the interest received by private holders from warrants of the same type and character shall be declared to be taxable income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be required to be taken into account in computing federal income taxes by the terms of any federal income tax law enacted subsequent to the date of this notice.

Closing Papers: Each proposal will be understood to be conditioned upon the District's furnishing to the purchaser, without charge, concurrently with payment for and delivery of the warrants, the following closing papers, each dated the date of delivery:

(a) Legal Opinion — The legal opinion of Rutan & Tucker, Bond Counsel, Santa Ana, California, approving the validity of the warrants will be furnished and the successful bidder at or prior to the time of delivery of the warrants, at the expense of the District. A copy of that opinion, certified by an officer of the District by his facsimile signature, will be printed on the back of each warrant. No charge will be made to the purchaser for such printing or certification.

(b) A certificate of the District certifying that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the warrants will be used in a manner that would cause the warrants to be arbitrage bonds.

(c) A certificate of the District signed by officers and representatives of the District certifying to the following: (1) that said officers and representatives have signed the warrants, whether by facsimile or manual signature, and that they were respectively duly authorized to execute the same; and (2) that there is no litigation pending affecting the validity of the warrants.

(d) The receipt of the District showing that the purchase price of the warrants, including interest accrued to the date of delivery thereof, has been received by the District.

(e) A certificate of the District, signed by the Treasurer of the District, acting in his official capacity, to the effect that to the best of his knowledge and belief, and after reasonable investigation: (1) Neither the official statement relating to the warrants nor any amendment or supplement thereto contain any untrue statement of the material fact or omits to state any material fact necessary to make the statement therein, in light of the circumstances in which they were made, not misleading; nor (2) has there been any material adverse change in the operation or financial affairs of the District since the date of such official statement.

CUSIP Numbers: It is anticipated that CUSIP identification numbers will be printed on the warrants but neither the failure to print such number or any warrant nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for said warrants in accordance with the terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on said Warrants shall be paid for by the issuer; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

OFFICIAL STATEMENT: The District has prepared an official statement relating to the warrants, a copy of which will be furnished upon request addressed to:

Bartle Wells Associates
 Shell Building Penthouse
 100 Bush Street
 San Francisco, California 94104

The District will provide the successful bidder 200 copies of the official statement at the expense of the District.

GIVEN by order of the Board of Directors of the Berrenda Mesa Water District adopted October 18, 1977.

H. RONALD LAMPSON
 Secretary of the Board of Directors
 of Berrenda Mesa Water District
 ADOPTED, SIGNED AND APPROVED this 18th day of October, 1977
 Herbert R. Benham
 President of the Board of
 Directors of Berrenda Mesa
 Water District

(SEAL)
 ATTEST:
 H. Ronald Lampson
 Secretary of the Board of Directors
 of Berrenda Mesa Water District

NEW ISSUE:**Sale Date:****November 14, 1977****Berrenda Mesa Water District, Kern County, California****\$3,000,000****Warrants 1977, Series A**

*Berrenda Mesa water district
Bonds -- Calif -- Kern co.
Kern co. -- Econ bonds
water district -- Cal -- Ala co.*

These warrants are general obligations of the Berrenda Mesa Water District, a California Water District located in Kern County, California. The district is empowered to levy annual assessments on all taxable land in the district. Other charges in lieu of assessments may be made by the board, as permitted by law. Annual ad valorem assessments are subject to the maximum property tax limitations under California law.

Dated: November 1, 1977*Denomination:* \$5,000*Due:* November 1, as shown below:**RATING:**

Moody's Investors Service, Inc. _____

Year	Amount	Rate	Yield or Price	Year	Amount	Rate	Yield or Price
1979.....	\$600,000	%	%	1981.....	\$800,000	%	%
1980.....	700,000			1982.....	900,000		

These warrants will be issued as coupon warrants, registrable as to principal only or as to both principal and interest, with provisions for deregistration. Coupons are payable semiannually beginning May 1, 1978, and principal annually beginning November 1, 1979, at the main offices of the paying agent, United California Bank, Los Angeles and San Francisco; and at co-paying agents, Chemical Bank, New York, and Continental Illinois National Bank and Trust Company of Chicago.

Warrants are callable on any interest payment date on or after November 1, 1978, pursuant to the terms stated in the Notice Inviting Bids, including payment of a premium.

The district is offering these warrants for delivery when, as and if issued, subject to the legal opinion of Rutan & Tucker, Santa Ana, California approving the validity of the warrants and stating that interest on the warrants is exempt from federal income taxes and from California personal income taxes under present statutes, regulations and court decisions.

Terms and conditions of the offering are fully set forth in the Notice Inviting Bids dated October 18, 1977. Bids will be received Monday, November 14, 1977, at the offices of Bartle Wells Associates, 100 Bush Street, 28th Floor, San Francisco, California, up to 11:00 A. M. Pacific Time. Bids will not be accepted at less than par. Following acceptance of a bid, information as to coupon rates, reoffering yields or prices, and rating will be imprinted in the spaces provided on this page.

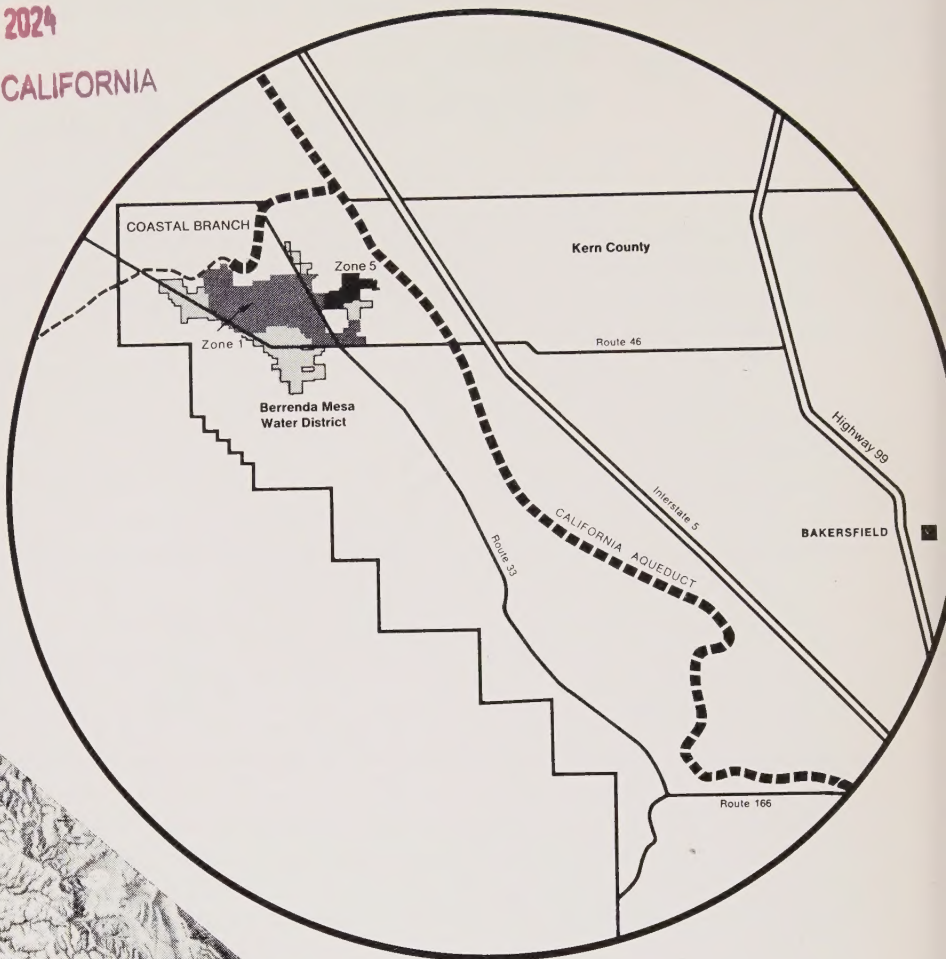
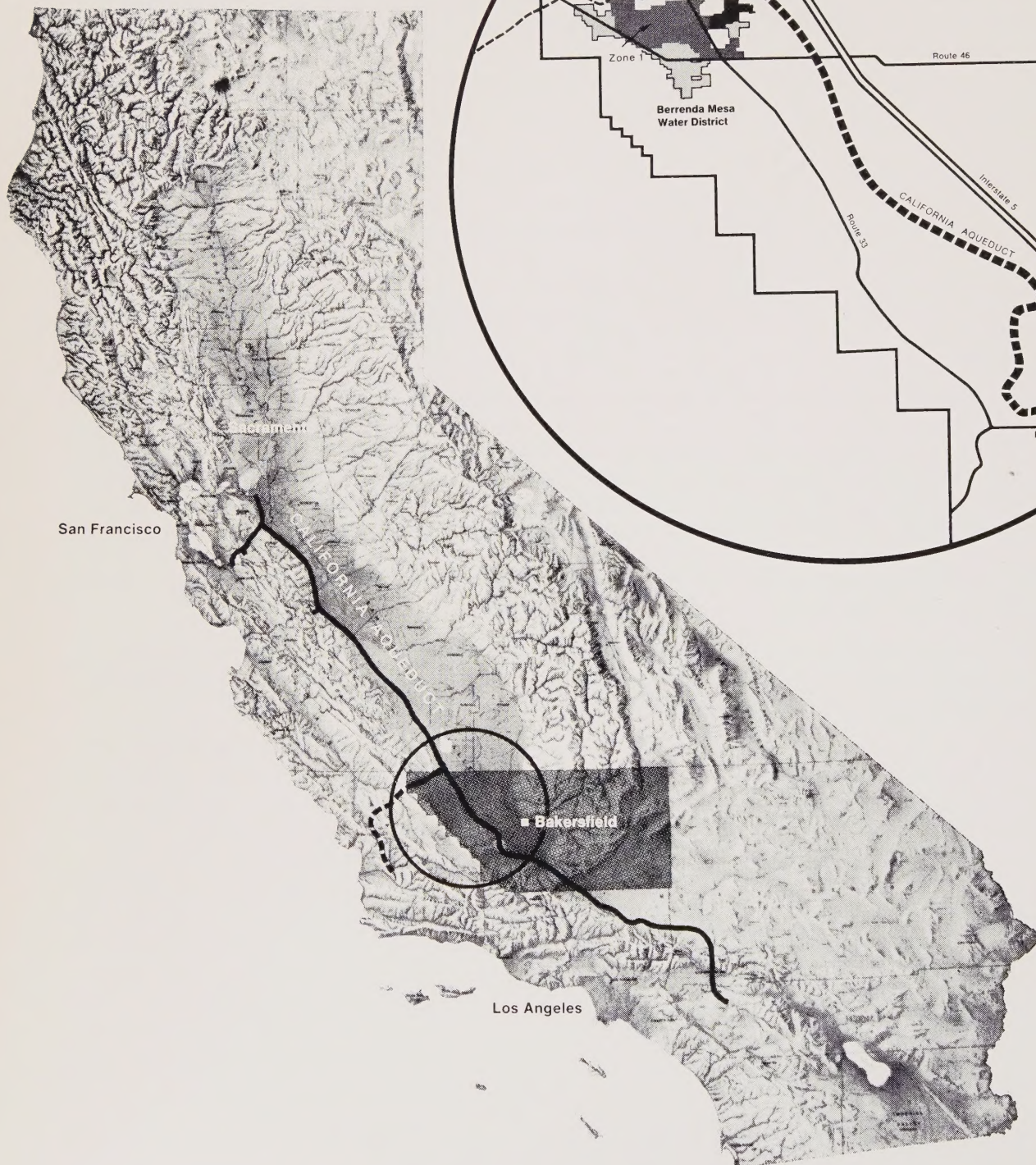
Dated: October 18, 1977.

78 01298

INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

SEP 05 2024

UNIVERSITY OF CALIFORNIA



**OFFICIAL STATEMENT
BERRENDA MESA WATER DISTRICT
KERN COUNTY, CALIFORNIA**

1415 18th Street, Room 306
Bakersfield, California 93301

Formed September 3, 1963

BOARD OF DIRECTORS

Herbert R. Benham, Jr., *President*

Royce Faulkner

Ronald H. Khachigian

Jack La Grass

Bill R. Roden

H. Ronald Lampson, *Engineer-Manager and Secretary*

George Logan, *Attorney*

Chrystal G. Harris, *Treasurer, Assessor and Tax Collector*

PROFESSIONAL SERVICES

Rutan & Tucker, *Bond Counsel*

Ricks, Taylor & Associates, Inc., *Consulting Engineers*

Bartle Wells Associates, *Financing Consultants*

Karpe-Fisher Co., *Real Estate Appraisers*

Bailey, Brennan & Davis, Accountants, Inc.,
Independent Auditors

Bids to be received at the offices of Bartle Wells Associates, Shell Building Penthouse, 100 Bush Street, San Francisco, California 94104, on Monday, November 14, 1977 at 11:00 a.m. Pacific Daylight Time.

The Official Statement provides information about the issuer and its warrants. The Official Statement includes:

1. Data supplied by the issuer and by others as indicated herein;
2. estimates or projections which may or may not be realized and which should not be construed as assertions of fact; and
3. summaries and descriptions of legal and financial documents, or their contents, which do not purport to describe such documents completely and which are made expressly subject to the full provisions of the documents cited.

The Official Statement does not constitute a recommendation, express or implied, to purchase or not to purchase these warrants or any other previous securities of the issuer.

The Date of the Official Statement is October 18, 1977.

Prepared on behalf of the issuer by

BARTLE WELLS ASSOCIATES

Municipal Financing Consultants

100 Bush Street, San Francisco 94104

(415) 981-5751

CONTENTS

	Page		Page
BIDDING INFORMATION		THE STATE WATER PROJECT.....	11
VICINITY MAP		Water Contracts	11
TITLE PAGE	1	Supplemental Water	12
CONTENTS	2	Future Water Cost and Availability.....	12
INTRODUCTION	3	DISTRICT BOND PROJECTS.....	13
Issuer	3	District Development Plan.....	13
Purpose	3	Financing Policy	14
Additional Resources	3	Project Financing	14
Security	4	Sources of Revenue.....	14
Drought Emergency Policies.....	4	Completed Bond Projects.....	14
Economic Factors	4	Short-term Borrowing	14
THE WARRANTS	5	State and Federal Loans.....	15
Redemption	5	Future Stages of Development.....	15
Sale of the Warrants.....	5	DISTRICT FINANCIAL DATA.....	16
Legal Opinion	5	Assessed Valuations and Assessments.....	16
Closing Documents	6	Drought Emergency Policy	16
The California Districts Securities Division.....	6	Maximum Property Tax Rate.....	18
BERRENDA MESA WATER DISTRICT.....	7	Debt Service Requirements.....	18
Location	7	Tax Collections and Delinquencies.....	18
History	7	Appraised Value of Land.....	19
Climate and Geography.....	7	District Financial Statements.....	20
District Organization	8	Direct and Overlapping Debt.....	22
Residential and Other Service.....	8	1977 and 1978 Budgets.....	23
Major Landowners	8	DISTRICT DEVELOPMENT	24
Litigation	9	Kern County Agriculture.....	24
Employee Retirement Plan.....	9	Agricultural Development	24
		Water Payment Capacities.....	26
		Drip Irrigation	27
		Transportation and Utilities.....	27
		Appendix: Appraiser's Report	28

ISSUER

Berrenda Mesa Water District is located in northwestern Kern County in California's San Joaquin Valley. The district comprises 55,274 assessable acres. Soils are alluvial deposits, suitable for cultivation of a variety of crops. However, groundwater is limited; rainfall averages only five to seven inches per year; and irrigation is required almost year-round. The district contracts for a water supply from Kern County Water Agency (KCWA), the second largest contractor to the California State Water Project.

PURPOSE

The district is selling these warrants to ensure that funds are available to pay general district expenses including operating expenses and debt service. Funds may also be needed to purchase water in case 1978 water supplies are reduced by continuation of drought conditions in California.

ADDITIONAL RESOURCES

In addition to selling short-term warrants, the district is pursuing the following to prevent a deficiency of revenues in 1978:

- *Bureau of Reclamation loan:* The district has received \$1,000,000 from the Bureau of Reclamation under the Federal Emergency Drought Loan Act of 1977.
- *Department of Water Resources repayment:* The DSD has authorized the use of \$769,000, originally intended

to go to the district's Construction Fund, for general district purposes during the drought. The funds are a one-time repayment from the Department of Water Resources (DWR) for pumps financed by the district in 1969 and installed in state pumping plants.

- *Economic Development Administration loan:* Kern County Water Agency has allocated \$1,561,071 as Berrenda Mesa Water District's share of a \$5,000,000 loan from the federal Economic Development Administration. Kern County Water Agency has advised the district that it will receive the loan in late 1977. Repayment terms are 40 years at 5 percent, but the district has not been notified as to when repayment begins. In this Official Statement it is assumed that repayment begins in 1978.

- *Emergency water supply:* The district is negotiating with various public and private agencies for an emergency water supply of up to 50,000 acre-feet. Negotiations as to availability, amount, or price of water are not yet concluded. Metropolitan Water District of Southern California may also be able to provide exchange water from the Colorado River to the State Water Project, as it did in 1977.

If the drought continues beyond 1978, the availability of water to the district from the State Water Project or from other sources are not known. District expenses and long-term liabilities may be paid by increases in taxes, standby charges, or water tolls, or from reserve funds, or further sale of warrants, subject to DSD review.

SECURITY

All taxable land in the district is subject to assessment to pay interest and principal on general obligation bonds. Under the California Water District Law, assessments are levied on land only, but not personal property or other forms of real property. The district levies two types of assessments—an ad valorem tax and a standby charge, a per-acre assessment on all land capable of receiving water. In addition to assessments, the district imposes a water toll on water used.

DROUGHT EMERGENCY POLICIES

The district's contract with KCWA provided a 1977 entitlement of 124,000 acre-feet; during 1977 the district actually received through KCWA 33,920 acre-feet from the State Water Project and 46,600 acre-feet of water made available by the Metropolitan Water District of Southern California. The total, 80,526 acre-feet, was about 65 percent of the district's 1977 entitlement. The district has to pay fixed costs to KCWA under the terms of its contract, regardless of how much water is available. The cost for the Metropolitan water was \$30 per acre-foot, about twice the cost of water under the KCWA contract.

4 In March, 1977, the district's board of directors, at the time of adoption of the 1977 budget, determined that the drought would necessitate changes in the district's long-standing financing and water allocation policies. The board concluded that due to the reduced amount of water available, water would be allocated giving priority to permanent crops to sustain life. The district actually received enough water for the permanent crops to yield from $\frac{2}{3}$ of a crop to a full crop, depending upon type of tree and maturity. Priorities are summarized as follows:

Priority	Type Planting	Water Allocation (Acre-Feet)	Number of Acres
1	Permanent crops, standby.....	1.0-2.85	23,920
2	Permanent crops, non-standby and all annual crops.....	.99	21,616
			45,537

Annual croplands were allocated just about 1 acre-foot per acre, or one-third of a normal water supply. Owners are responding to the reduction in a number of ways, including letting some acres go idle so that other acres may have more water, and planting crops which require less water. An estimated 18,400 acres of annual cropland are capable of receiving water. The 1977 water allocation of about 1 acre-foot per acre results in about 7,400 acres that could be adequately farmed and 11,000 acres carried as fallow land.

The board decided, for 1977, to suspend standby charges which previously raised about 90% of district

assessments, and instead, raise water tolls. This policy is intended to tie payment to actual benefit of water received.

Water tolls are \$71.00 per acre-foot in 1977, compared to about \$13 in 1976. The district's treasurer reports that all landowners paid their water tolls for 1977.

Owners of about 23 percent of the assessable lands in the district were not satisfied with the district's water allocation, and have filed suit in Kern County Superior Court. These landowners request that the district allocate all water on a pro rata basis to all lands capable of receiving water and for which owners are willing to pay standby charges. The court has not yet taken action on the matter. The suit did not affect the district's ability to collect water tolls from landowners in 1977 and in the opinion of counsel is not expected to affect the district's ability to collect water tolls in 1978. (See additional lawsuit details on page 9.)

ECONOMIC FACTORS

Agriculture is Kern County's largest industry. The growing season averages about 300 days. District sources estimate that the gross crop return in 1976 was about \$23,000,000 for all crops grown in the district. Cotton had the highest value at about \$7,500,000 and almonds the second highest at \$5,700,000. Crop return estimates for 1977 are not yet available.

About 45,500 assessable acres were planted in 1976, or about 90 percent of the district's irrigable acreage. About 52,000 acres are estimated to be irrigable. Major crops by acreage planted are as follows:

Crop	Acres Planted, 1976	Acres Planted, 1977
Almonds	14,269	14,269
Pistachio nuts	7,517	7,517
Wine grapes	5,296	5,296
Olives	20	20
All row crops.....	18,400	7,400 (est.)
	45,502	34,502 (est.)

Almonds, pistachios and wine grapes are permanent rather than annual crops. Trees and vines require from five to seven years to grow to full bearing maturity. In 1977, 100% of the almonds and about 65% of the grapes are bearing. About 10% of the acres planted in pistachio nuts are bearing.

This introduction is not a summary of the Official Statement. Information presented in this section is treated more completely elsewhere in this Official Statement, which should be read in its entirety.

THE WARRANTS

\$3,000,000 Berrenda Mesa Water District Warrants
1977, Series A.

Denomination: \$5,000.

Date: November 1, 1977.

Estimated Annual Debt Service:

Calendar Year	Principal Maturing November 1	Interest Estimated at 8%*	Estimated Debt Service
1978.....	\$ —	\$240,000	\$ 240,000
1979.....	600,000	240,000	840,000
1980.....	700,000	192,000	892,000
1981.....	800,000	136,000	936,000
1982.....	900,000	72,000	972,000
	<u>\$3,000,000</u>	<u>\$880,000</u>	<u>\$3,880,000</u>

* Interest has been estimated at the annual rate shown. Actual coupon rates will be set by competitive bid, and are likely to vary from the annual rate estimated. As a result both interest and debt service may differ from the annual amounts estimated.

Interest: Coupons payable semiannually on May 1 and November 1, beginning May 1, 1978.

REDEMPTION

Warrants maturing 1979-1982 are callable as a whole or in part on any interest payment date on or after November 1, 1978, in inverse order of maturity and by lot within each maturity. Premium is $\frac{1}{4}$ of 1 percent per year or portion of a year from rate of redemption to date of maturity, with a maximum premium of $\frac{3}{4}$ of 1 percent.

Registration: Warrants will be issued in coupon form, registrable as to principal only or as to both principal and interest, with provisions for deregistration.

Payment: At the main office of United California Bank, Los Angeles and San Francisco, and at principal offices of co-paying agents in New York and Chicago.

Tax Status: In the opinion of bond counsel, interest is exempt from present federal income taxes and from California personal income taxes under existing statutes, regulations, and court decisions.

Authority for Issuance: Under California Water District Law (Division 13 of the California Water Code) the district may issue warrants for district purposes, including funds to pay for water purchases.

Purpose: Proceeds of the sale will be used to help finance district expenses in 1978, including operating ex-

penses and debt service, and to purchase water in case 1978 water supplies are reduced, as they were in 1977.

Security: The warrants are general obligations of the district. The district has the power and is obligated to levy annual ad valorem assessments on all taxable land in the district (but not on personal property or other real property) or other charges which, in the discretion of the board of directors, are fixed and collected in lieu thereof, and all land is liable to be assessed for these payments. Ad valorem assessments are subject to a maximum property tax limitation as explained further on page 18.

Interest and principal payments may be made from assessments or from charges fixed and collected in lieu of assessments. Although the district intends to fix and to collect water tolls in addition to assessments, all land in the district is and will remain liable to be assessed for bond service payments.

Additional Bonds: The district has \$36,950,000 of general obligation bonds authorized but unsold. In September 1977 the DSD recommended that the State Treasurer approve the sale of up to \$5 million 5-year general obligation warrants, with the provision that the initial sale be no more than \$3 million, and additional sales, if any, subject to further DSD review. The board of directors does not expect to sell warrants or bonds, before May 1, 1978.

5

SALE OF THE WARRANTS

The initial offering of these warrants is made in accordance with the Notice Inviting Bids dated October 18, 1977. Matters discussed in this section are expressly subject to the terms and conditions of said Notice, to which reference should be made for further detail.

Legality for Investment: The warrants are legal investments in California for trust funds, commercial banks, trust companies, and funds of insurance companies.

LEGAL OPINION

The opinion of Rutan & Tucker, bond counsel, of Santa Ana, California, will be furnished to the successful bidder and printed on each warrant at district's expense.

The statements of law and legal conclusions set forth in this official statement under the heading "The Warrants" have been reviewed by bond counsel. Bond counsel's employment is limited to a review of the legal procedures required for the warrants and to rendering an opinion as to the validity of the warrants and the exemp-

tion of interest on warrants from income taxation. The opinion of bond counsel will not consider or extend to any documents which bond counsel did not prepare or review or to any agreements, representations, offering circulars or other material of any kind concerning the warrants not mentioned in this paragraph.

CLOSING DOCUMENTS

At the time of delivery of the warrants to the successful bidder, in addition to customary closing documents, the issuer will furnish the following documents.

No Litigation Certificate: A certificate stating that no litigation is pending or in progress concerning the validity of the warrants.

Certificate Concerning Official Statement: A certificate, signed by a responsible official representing the issuer, to the effect that to the best of his or her knowledge and belief, and after reasonable investigation, (a) neither the Official Statement nor any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading; (b) since the date of the Official Statement no event has occurred which should have been set forth in an amendment or supplement, and which has not been so set forth, and (c) there has been no material adverse change in the operation of financial affairs of the district since the date of such Official Statement.

THE CALIFORNIA DISTRICTS SECURITIES DIVISION

The California Districts Securities Division (DSD), Office of the State Treasurer, 120 Montgomery Street, San Francisco, is a state agency exercising supervisory powers pursuant to Division 10 of the Water Code. The Districts Securities Advisory Commission consists of a representative of the Department of Water Resources and four other members all appointed by the State Treasurer. The Advisory Commission reviews the construction and financing programs of certain types of water (and sewer) districts. Sale of bonds and warrants of these districts is subject to the approval and certification of the State Treasurer.

Berrenda Mesa Water District, formed under the California Water District Law is subject to the jurisdiction of the Districts Securities Division. Prior to approval of the sale and certification of securities, the Division staff investigates the project, and the issues' security, terms, and conditions. Expenditure of proceeds must also be approved by the State Treasurer. Districts under the jurisdiction of the Division must file an annual audit report with the Division and a monthly statement of receipts and expenditures for each securities issue until the completion of all projects, audit of receipts and expenditures, and final approval of the DSD.

The DSD Advisory Commission has recommended that the State Treasurer approve the warrants for certification. The DSD expects approval from the State Treasurer prior to the sale of the warrants. Each warrant will then be hand-certified at the time of delivery.

Berrenda Mesa Water District's pumping plant lies at the end of the Coastal Branch of the California Aqueduct. The plant, built using Series A bond proceeds, pumps water through penstocks to the district's afterbay reservoir and its main irrigation canal.

(Rountree photo)



BERRENDA MESA WATER DISTRICT

LOCATION

The district covers about 89 square miles of land on the northwest side of Kern County. State Routes 33 and 46 traverse the district, and Interstate 5 passes about 12 miles to the east of the district. Via Interstate 5, Berrenda Mesa Water District is about 170 miles from Los Angeles and 220 miles from Sacramento. Bakersfield is about 60 miles southeast of the district, via State Routes 46 and 99.

The California Aqueduct, a part of the California State Water Project, lies 1.5 miles east of the district. A branch of the California Aqueduct, called the Coastal Branch, curves around the northern portion of the district, now terminating at point of delivery to Berrenda Mesa Water District. By 1982 the Coastal Branch may be extended to serve San Luis Obispo County Flood Control and Water Conservation District and Santa Barbara County Flood Control and Water Conservation District.

HISTORY

- **1963.** At an election August 27, landowners voted to form the Antelope Plains Water District, a California Water District subject to the jurisdiction of the California Districts Securities Division, Office of the State Treasurer. The district was formed in September 1963 to obtain and distribute water for irrigation.

- **1965.** The district adopted the name Berrenda Mesa Water District to avoid confusion with another water agency in Kern County.

- **1966.** The board of directors by Resolution No. 30 adopted a plan of irrigation works and by Resolution No. 31 established policy for financing and staging construction of the irrigation works. On July 26, 1966, landowners authorized issuance of \$38,150,000 in general obligation bonds.

The California Districts Securities Division approved the district's proposed contract with Kern County Water Agency providing for Berrenda Mesa Water District's annual entitlements of water to a maximum of 105,000 acre-feet of water in 1990 and thereafter.

- **1967.** Berrenda Mesa Water District joined Kern County Water Agency. The district sold its \$7,990,000 First Issue, Series A bonds to finance the first phase of distribution facilities.

- **1968.** The district received its first deliveries of water through the Coastal Branch of the California Aqueduct.

- **1969.** \$350,000 of five-year warrants financed reconstruction of a district canal damaged by floods. 1974 was the final payment.

\$3,000,000 First Issue, Series B bonds were sold to enlarge the initial pumping and distribution system.

- **1971.** Berrenda Mesa Water District amended its contract with Kern County Water Agency to increase its annual entitlements under an agreement with another member of Kern County Water Agency. Maximum entitlement in 1990 was increased to 163,200 acre-feet.

- **1972.** The district sold \$1,000,000 of five-year warrants to reimburse landowners for advances made at the time the district enlarged its pumping facilities. 1977 was the final payment on these warrants.

- **1975.** The second phase of irrigation works was begun with financing from construction loans of \$1,500,000 and \$100,000 from the California Department of Water Resources, in addition to excess Series B bond proceeds and district general funds.

- **1976.** Series C bonds of the 1966 First Issue, \$2,710,000, financed a district turnout directly in the California Aqueduct and other facilities to serve 4,374 acres known as the Mendiburu-Getty project.

Landowners authorized \$17,500,000 in general obligation bonds which, together with \$24,450,000 remaining from the 1966 authorization, will finance completion of the plan of irrigation works, as revised.

CLIMATE AND GEOGRAPHY

Average annual rainfall is about 5 to 7 inches occurring primarily between November and April. Summers are hot and dry with temperatures averaging about 95° during June, July, and August. In winter, temperatures average about 55°. According to a Kern County climatic study the area around Berrenda Mesa Water District is slightly cooler in summer and has less fog in winter than the rest of Kern County. About 300 days of the year have temperatures above 32°. Temperatures during the winter months, November through April, may fall low enough to cause crop damage.

Independent soils analyses, conducted before the district was planted, determined that the soils in Berrenda Mesa Water District were well suited to a variety of permanent and annual crops under irrigation.

Professor J. Y. Wang, Ph.D. from San Jose State University, conducted a special microclimate study, in which he recommended methods to prevent frost damage and to guide the timing of planting to coincide with soil temperature. Blackwell Land Company and Berrenda Mesa Farming Company, who financed the study, plan to implement a permanent frost protection program suggested by Dr. Wang.

Dr. Wang has been associated with the National Academy of Sciences and the World Meteorological Organization, and has conducted soil-air studies in North and South America and other countries. Dr. Wang also recommended that the Berrenda Mesa Water District set up a permanent temperature monitoring system at various points in the district, and maintain records for the use of all district landowners. The district has accepted this responsibility.

DISTRICT ORGANIZATION

A California Water District is empowered under the law to plan, finance, construct, acquire, and operate water facilities. The district is governed by a board of five directors elected by landowners voting in proportion to the assessed value of their respective landholdings. Each board member serves for a term of four years, and must be a holder of title to land in the district.

Members of the Berrenda Mesa Water District board of directors are as follows:

Herbert R. Benham, Jr., President. Mr. Benham has been a director since 1965. He is President of Berrenda Mesa Farming Company, and acts as an officer of several affiliated companies.

Royce Faulkner. A director since May 1977, Mr. Faulkner is employed by Blackwell Management Company.

Ronald H. Khachigian, Deputy Treasurer. Mr. Khachigian has served on the board since 1974. He is secretary and assistant treasurer of both the Blackwell Management Company and Blackwell Land Company, Inc.

Jack La Grass has been a director since 1967. He is employed by Berrenda Mesa Farming Company as administrative assistant, and formerly represented Mobil Oil Corporation on the board.

Bill R. Roden has been a board member since 1973. He is an independent farmer in the district, and is the son-in-law of Mrs. Eleanor Still, who is one of the district's largest landowners.

H. Ronald Lampson is Engineer-Manager for the district, and secretary of the board of directors. He is a licensed registered civil engineer in California and a graduate of California Polytechnic Institute at San Luis Obispo.

Chrystal G. Harris is employed by the district and elected as Treasurer, Assessor, and Tax Collector. She has been with the district since 1969.

RESIDENTIAL AND OTHER SERVICE

The district has about 150 acres devoted to residential uses and a population of 456. Residential water sales accounted for about \$22,803 in revenue during 1976. Berrenda Mesa Water District is responsible for pipelines serving the residential area, but the source of supply is Lost Hills Water Company. Residents of the dis-

trict are largely employees of the major farm management companies. About 2,300 acres of land outside the district are served with water on a temporary basis, and 3,600 acres in Zone 3 are served via landowner-financed water systems.

MAJOR LANDOWNERS

Seventeen landowners own more than 500 acres each in Berrenda Mesa Water District. Their holdings aggregate 87.8 percent of the district's 55,274 assessable acres. There are 397 parcels under 85 different ownerships in the district.

Blackwell Land Company, Inc., is the district's single largest landowner and taxpayer. Blackwell owns 15,355 acres or 27.8 percent of the total assessable acreage in the district, and in 1976 paid \$717,414.50 in ad valorem taxes and standby charges. Blackwell Management Company manages Blackwell Land Company's holdings, and also acts as farm manager for other owners. Blackwell Management Company acts as manager for 20,333 acres.

Subsidiaries of Blackwell Land Company, Inc. include farming joint ventures with other international corporations, and marketing companies for its fruit and nut products. Two other subsidiaries, Safewell Land

BERRENDA MESA WATER DISTRICT OWNERS OF MORE THAN 500 ACRES, 1976

Owner	Assessable Acres Owned (rounded to nearest acre)
Blackwell Land Company.....	15,355
Getty Oil Company.....	4,659
Mrs. Eleanor Still and Estate of Ernest Still.....	4,500
JB2H.....	4,050
Joe Mendiburu.....	3,733
Westside Ranch IV.....	3,291
El Vic Farm Corp.....	2,985
Shell Oil Company.....	2,232
JHRD III Corp.....	1,677
Flavy H. Davis.....	1,120
Berrenda Mesa Farming Company.....	940
Tabletop.....	849
Santa Maria Ranch.....	720
Lucky Tree.....	691
Midori.....	637
Society of St. Vincent de Paul.....	600
Stephans Ranch.....	506
Subtotal.....	48,545
Balance of assessable acres.....	6,729
Total Assessable Acres.....	55,274
Non-assessable acres.....	169
Gross Acres.....	55,443

Corp. and Christine Mortgage Company, own non-farm lands throughout the United States.

Getty Oil Company is the district's second largest single landowner, with 4,659 acres, including the 654 acres in the Series C bond project area. The company paid \$14,627.60 in taxes and standby charges in 1976.

Berrenda Mesa Farming Company, direct owner of 940 acres, also acts as farm manager for 30 other owners. Total acreage under the management of Berrenda Mesa Farming Company in the district is about 14,000 acres. Berrenda Mesa Farming Company manages about 4,000 acres of land in adjacent water districts, and 2,000 acres outside Berrenda Mesa Water District. The company is affiliated with several companies in the area, including an agricultural chemical cooperative, an irrigation service, a cotton cooperative, and Berrenda Mesa Farms, a marketing company for products grown on lands managed by Berrenda Mesa Farming Company.

LITIGATION

In the opinion of counsel for the district, the district is not a party to any existing or pending litigation which would materially impair the ability of the district to service its general obligation indebtedness, including these warrants.

However, landowners in the district are involved in the following lawsuits filed in 1977:

1. Owners of about 23 percent of the assessable land in the district filed suit in Kern County Superior Court against the district requesting that the district allocate all water on a pro rata basis to all lands capable of receiving water and for which owners are willing to pay standby charges. The case has been heard, but the judge has not yet rendered an opinion.

2. Owners of 15 percent of the assessable land in the district filed suit in U.S. Court in Fresno on October 16, 1977, charging four of the five directors of the district with anti-trust law violation and asking \$9 million in damages. The fifth director is one of the plaintiffs of this litigation. The district itself is not a party to the litigation.

EMPLOYEE RETIREMENT PLAN

Berrenda Mesa Water District's employee retirement plan is a defined contribution plan administered by a committee appointed by the district's board of directors. Each regular full-time employee contributes 3 percent of his compensation (or at his option, up to 10 percent of his compensation) and the district contributes 9 percent of each participant's compensation.

A participant whose employment is terminated prior to retirement is entitled to all of his own contributions plus his vested interest in the district's contributions, to-

Blackwell Land Company, Inc., is headquartered near Highway 46 in the district. The company owns 15,355 acres, or about 28 percent of the district's total assessable acres. (*Rountree photo*)





Berrenda Mesa Farming Company is the district's second largest farming management company. In Berrenda Mesa Water District the company manages about 14,000 acres for 30 individual landowners. (*Rountree photo*)

gether with interest and earnings on his account. Vesting is 10 percent after three years of employment increasing to 100 percent on completion of the 12th year.

Employees retire at age 65 or upon permanent physical or mental disability. At that time, the employee is entitled to receive in retirement income payments the total amount of all contributions and earnings, interest and profit credited to his account. The retirement committee may distribute the entire balance in the participant's account or purchase a paid-up annuity, as requested by the participant.

A participant in the plan may withdraw from the plan without terminating his employment. All district-contributed funds and earnings are forfeited by the employee and used by the district to partially fund future district contributions to the plan.

The table below shows the number of employees covered each year since 1971 and the total amount paid by

the district to employees' accounts. Assets in the plan on December 31, 1976 were \$62,516.

BERRENDA MESA WATER DISTRICT EMPLOYEE'S RETIREMENT PLAN DISTRICT CONTRIBUTIONS

Year	Number of Employees Covered	Amount Paid By District
1971.....	13	\$10,045.11
1972.....	14	11,541.78
1973.....	14	11,387.45
1974.....	14	13,013.94
1975.....	12	12,410.89
1976.....	12	14,531.02

Source: Berrenda Mesa Water District.

THE STATE WATER PROJECT

The State Water Project is designed to deliver 4,230,000 acre-feet of water per year to water-deficient areas in central and southern California. Construction of the project was authorized by the California Legislature in 1951. In the general election of November 1960, the voters authorized issuance of \$1.75 billion in state general obligation bonds to finance the major portion of the project. Thirty-one local agencies, including Kern County Water Agency, have executed contracts with the Department of Water Resources and have agreed to repay over \$2 billion in costs of facilities required for conserving and transporting this water. The California Aqueduct, the State Water Project's primary transmission facility, flows through Kern County, about 1.5 miles from the eastern portion of Berrenda Mesa Water District.

WATER CONTRACTS

11

Berrenda Mesa Water District contracts with Kern County Water Agency under a basic water supply contract, approved by the Districts Securities Division in 1966. The contract initially provided a maximum annual entitlement of 105,100 acre-feet of water from the State Water Project in 1990. The contract was amended in 1971 to increase the maximum annual entitlement to 163,200 acre-feet in 1990. The increased entitlement was purchased for \$154,000 from Semitropic Water Storage District.

Kern County Water Agency is the second largest contractor, after Metropolitan Water District of Southern California, to the California State Water Project. Kern County Water Agency had a 1976 entitlement of 432,800 acre-feet from the State Water Project, increasing to 1,253,400 acre-feet in 1990 and thereafter. Berrenda Mesa Water District is one of 21 member units which share in Kern County Water Agency's annual entitlements from the State Water Project.

The district contracts with KCWA for a basic entitlement on a long term basis, and contracts on a year-to-year basis for extra water, called supplemental water. Under its basic contract, the district's 1977 entitlement was 124,000 acre-feet. As a result of the continuing drought, the district is receiving 33,920 acre-feet under that contract in 1977. No supplemental water is available. However, the district was able to purchase water under an agreement with Metropolitan Water District of Southern California, which when added to the entitlement water from Kern County, brought the district's water up to 80,256 acre-feet or 65 percent of 1977 entitlement.

The table below shows Berrenda Mesa Water District's annual entitlements to State Water Project Water under its contract with Kern County Water Agency.

SUPPLEMENTAL WATER

Kern County Water Agency's basic water supply contracts with its member agencies provide for a supply of water on a long-term basis. Additional water, called supplemental water, is available on a less firm basis under short-term contracts. The Kern County Water Agency's supplemental water policy provides a system of priorities for water short years and a system of year-to-year contracts for supplemental water to all members when available. None was available in 1977 and none is expected to be available in 1978.

FUTURE WATER COST AND AVAILABILITY

The overall price which the state water system charges to water wholesaling agencies is determined by a formula

based upon amortization of system capital costs, amortization of conservation facilities costs, fixed operating costs, and variable operating costs, the most substantial of which is the cost of electric power.

Electric power costs for the California State Water Project are scheduled for renegotiation in 1978, with the new rates to take effect in 1983. The new rates will depend partly upon the rate of construction of generating facilities, partly upon the type of facilities constructed, and partly upon whether they are to be publicly or privately financed. Although the extent of any change in applicable electric power rates cannot be precisely estimated at this time, electric power costs for the State Water Project are expected to rise substantially in 1983.

The continuing drought has greatly reduced water supplies. The Department of Water Resources cut back all contractors to less than their full 1977 entitlements. In 1978, if the drought continues, it is not yet known how much water will be available to the State Water Project. Curtailments are in fact expected. Berrenda Mesa Water District is pursuing alternative sources of supply, but no negotiations have as yet been consummated.

BERRENDA MESA WATER DISTRICT WATER ENTITLEMENTS AND DELIVERIES (acre-feet)

	Contract with KCWA			Actual Used	Over (Under) Entitlement
	"Firm"	Surplus	Total		
1968	12,400	—	12,400	71,657	59,257
1969	25,500	—	25,500	52,094	26,594
1970	30,600	—	30,600	71,910	41,310
1971	35,500	16,400	52,000	98,481	46,181
1972	56,100	33,800	89,900	107,850	17,950
1973	57,900	37,700	95,600	94,828	(772)
1974	64,300	46,400	110,700	103,143	(7,557)
1975	70,500	44,600	115,100	126,375	11,275
1976	77,800	42,100	119,900	126,708	6,808
1977	84,000	39,300	124,100	80,526	(43,574)
1978	91,800	37,100	128,900	—	—
1979	98,200	35,200	133,400	—	—
1980	104,500	33,000	137,500	—	—
1981	111,400	30,500	141,900	—	—
1982	117,200	28,600	145,800	—	—
1983	123,600	25,300	148,900	—	—
1984	129,400	23,200	152,600	—	—
1985	134,600	20,600	155,200	—	—
1986	139,600	18,600	158,200	—	—
1987	144,500	15,800	160,300	—	—
1988	148,800	13,100	161,900	—	—
1989	151,700	11,100	162,800	—	—
1990-2039	155,100	8,100	163,200	—	—

DISTRICT BOND PROJECTS

DISTRICT DEVELOPMENT PLAN

The plan of irrigation works was adopted by the district by Resolution No. 30 on May 26, 1966. The plan provided for stages of construction to supply water for irrigation to all property in the district. The district planned its water development project to provide at least one point of water delivery to each quarter-section (160 acres) and designed facilities to deliver about 3.5 acre-feet of water per irrigable acre per year. It has since been determined that ultimate water demand will probably not exceed 3 acre-feet per acre. Except for main canals, the distribution system consists of closed conduits to reduce operating costs and water losses and to minimize the amount of land area used and purchased for rights-of-way.

In the development of the project, two major principles were established by the directors:

1. All land in the district is entitled to water based on allocation by the Kern County Water Agency. Therefore, the district would construct, as quickly as feasible, a distribution system capable of serving the entire area.

2. All land in the district benefits from development anywhere in the district, both from the availability of water and decreased water costs.

In order to accommodate the stages of project development, the district has been subdivided into zones according to the year of water delivery. The accompanying table shows each zone and its status of development.

13

BERRENDA MESA WATER DISTRICT DEVELOPMENT ZONES

Zone	Approximate Elevation (feet above sea level)	Estimated Year of Water Delivery	Area	
			Gross (Assessable) Acres	Net (Irrigable) Acres
1	460' to 750'	1968	31,857	28,671
1.5	900' to 950'	1983	275	248
2 Initial	760' to 1,000'	1976	1,324 ^①	1,192
2 Final	760' to 900'	1983	3,997	3,597
3	750' to 900'	1983	10,019 ^②	9,017
4	875' to 1,100'	1983	2,678	2,410
5	410' to 610'	1977	4,374 ^③	3,933
			54,524	49,068
Non-Assessable Acres (district rights-of-way, etc.)			919	—
Total Gross Acres			55,443	49,068

① Zone 2—Approximately 3,000 acres in addition to the 1,324 acres shown above are being served with landowner-financed systems.

② Zone 3—Approximately 3,600 acres of this zone began receiving service in 1973 with landowner-financed systems.

③ Mendiburu-Getty annexation.

FINANCING POLICY

The same day that the district adopted its irrigation plan of works, Resolution No. 31 was approved stating the district's financing policy. Under this financing plan, as assessed valuation increases through development of water facilities and plantings, the district can support additional bonds to finance subsequent phases of development. The first phase was the initial distribution system in Zone 1, closest to the Coastal Branch of the California Aqueduct and at the lowest elevation.

PROJECT FINANCING

Berrenda Mesa Water District is divided into five zones to accommodate stages of project development. Zone 1, with elevations ranging from 460 to 750 feet above sea level, contains over 50 percent of both the assessable land area and the estimated irrigable land area. This zone was the first to receive water in 1968 through the sale of \$7,990,000 Series A bonds in 1967. Capacity for water delivery was 283 cubic feet per second (cfs.) Owners in Zone 1 developed lands more quickly than originally anticipated, so the 1966 plan of works was amended in 1969 to allow more rapid development in Zone 1. Series B bonds in the amount of \$3,000,000 were sold in July 1969 to increase the capacity of pumping and transmission facilities. Zone 2 facilities are being financed through state construction loans and other district funds.

Series C bonds were sold to finance facilities to serve Zone 5, 4,374 acres recently annexed to the district. Zone 5 is owned by two concerns, Joe Mendiburu Land and Livestock, and Getty Oil Company. These owners detached an equal number of acres from the district's former Zone 5, so total acreage in Berrenda Mesa Water District remains the same.

Planting took place faster than originally anticipated, and the district amended its plan of irrigation works to allow for increased growth in Zone 1.

The financing plan provides for the issuance of general obligation bonds secured by all lands in the district, in order to afford maximum security for the bondholders and justify lower interest costs than would be appropriate for improvement district or assessment district financing.

A districtwide tax is levied on an ad valorem basis, but the rate is limited to \$3 per acre per year in non-service areas. The proceeds of this levy cover general administrative costs and a minor part of bond service. The fixed cost component of the water contract with Kern County Water Agency and the balance of bond service are normally paid from standby charges imposed on land to which water service is available; i.e., there is a district turnout located no more than 1/2 mile from each 160-acre parcel.

SOURCES OF REVENUE

The district has three revenue sources. First, district-wide ad valorem taxes are levied at a rate of \$6 per \$100

of assessed valuation of land only. For 1977, the district's assessed valuation, based on an assessment ratio of \$50 per acre, is \$2,765,960. The \$6 tax rate is equivalent to \$3 per acre, pursuant to district policy providing that lands not yet served with water shall not pay more than \$3 per acre in taxes. Second, standby charges are normally levied on a per acre basis in those zones where water is available, whether water is taken or not. The basic 1976 standby rates were \$65 in Zone 1 and \$76.18 in Zone 2. The third source of revenue is the water toll, which was \$13 per acre-foot in Zone 1 and \$19.65 per acre-foot in Zone 2 during 1976. (See "Drought Emergency Policy", on page 16.)

District revenues are normally applied as follows:

1. The ad valorem tax pays for administrative and general operating expenses and for a portion of bond service on outstanding warrants and bonds.
2. Standby charges pay about 90 percent of the cost of water purchased under contract with Kern County Water Agency. Standby charges also pay the remainder of bond service on bonds and warrants.
3. Water tolls pay a portion of the cost of purchased water and all of the costs for pumping, transmission and distribution, meter reading and other similar expenses.

COMPLETED BOND PROJECTS

In January 1967, \$7,990,000 First Issue, Series A, general obligation bonds were sold to finance construction of the initial turnout from the Coastal Branch and distribution facilities in Zone 1. These facilities began operation in 1968. Because of accelerated development in Zone 1, the district's board of directors determined that it was in the best long-term interest of the district at that time to develop Zone 1 to the maximum rather than expand water service at a lower level of intensity.

The \$3,000,000 First Issue, Series B bonds were sold in July 1969 to finance added pumping capacity in the district's pump station 'A' and the two state pumping stations on the Coastal Branch. These additions increased the district's pumping capacity to 400 cfs and the capacity of pumps in the Coastal Branch to their ultimate capacity of 450 cfs. Because the Coastal Branch now terminates at Berrenda Mesa Water District, full capacity will be available to the district. If the branch is extended to serve San Luis Obispo and Santa Barbara Counties, it would probably be some time after 1982. At that time the district's peaking capacity in the Coastal Branch will begin to revert to 283 cfs, and the peaking capacity in the California Aqueduct may be used.

Series C Bonds, \$2,710,000 sold in 1976, financed a turnout from the California Aqueduct to serve lands in Zone 5.

SHORT-TERM BORROWING

The district sold warrants in 1968 and 1972. Warrants and negotiable notes are also subject to the ap-

proval of the DSD. The first warrant issue was for \$350,000 to finance reconstruction of the district's main irrigation canal which had been damaged by floods. These warrants were paid off in 1974. The 1972 warrant issue of \$1,000,000 was used to reimburse two property owners for funds they advanced at the time the pumping plants were being enlarged. Blackwell Land Company and Flavy E. Davis, the two landowners, were repaid under the terms of the agreements with the district. The final principal payment of \$300,000 on the 1972 warrants was made in February 1977.

The 1977 warrants are being issued to help pay for 1978 expenses including water purchases.

STATE AND FEDERAL LOANS

Development in Zone 2 has occurred through facilities financed by construction loans. About 3,000 acres in Zone 2 are now served with water. The district received two construction loans in 1975 from the State of California Department of Water Resources. The first loan of \$1,500,000 and the second loan of \$100,000 are being used for development of water facilities in Zone 2. The district's combined annual requirements to pay the state loans total \$97,126. The loans bear interest at 4.374 percent on the unpaid balance, payable in 71 equal semi-annual installments beginning in 1980. The table on page 17 shows the district's complete debt service to final maturity including the state loans.

The district received \$1,000,000 in 1977 from the Bureau of Reclamation under the Federal Emergency Drought Loan Act of 1977. The loan will be repaid from 1978-83 at \$200,000 per year. A second loan of \$1,567,071 from Kern County Water Agency under the Economic Development Administration, has not been received but the district expects the funds in 1977. The loan is payable at 5 percent interest over 40 years, which is estimated to be about \$91,300 per year.

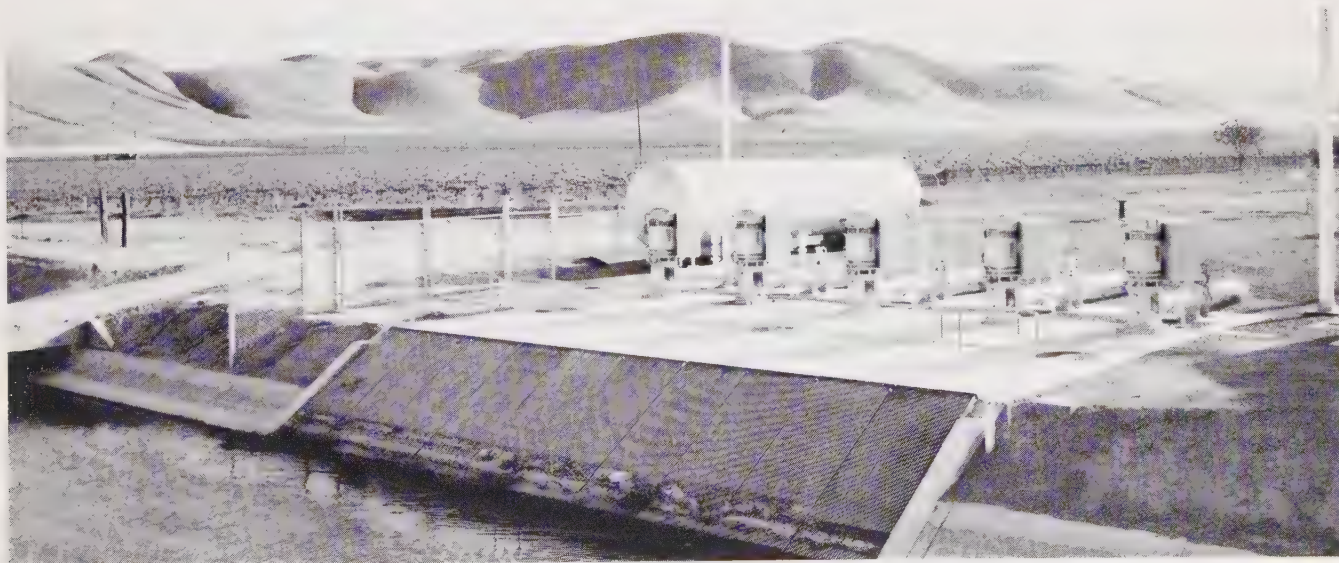
FUTURE STAGES OF DEVELOPMENT

Development in Zone 1.5 and final development in Zones 2, 3 and 4 is planned for sometime after 1983. By that time the district will know whether these lands will be served from the Coastal Branch or the California Aqueduct. If the Coastal Branch is not extended to serve contractors in San Luis Obispo and Santa Barbara Counties, Berrenda Mesa Water District can operate at its full branch capacity, 450 cfs, and serve its undeveloped lands from the Coastal Branch.

If those contractors decide to take delivery of their entitlements, Berrenda Mesa Water District's capacity in the Coastal Branch will begin to revert back to 283 cfs, and construction of a dam and reservoir on Packwood Creek will be necessary. The district does have 150 cfs unused capacity in the California Aqueduct, which, if capacity in the Coastal Branch is reduced, will require the storage reservoir or additional pumping and distribution facilities from the California Aqueduct.

15

The Ernest M. Still pumping plant began operating in 1976. Ernest M. Still served as a district director from the time of the district's organization in 1963 until his death in 1973. (*Rountee photo*)



DISTRICT FINANCIAL DATA

Berrenda Mesa Water District, under the California Water District Law, has authority to assess land in the district and to levy and collect district taxes and assessments. The district elected to begin its own assessment and tax collection in 1967. Mrs. Chrystal G. Harris acts as the district's Treasurer, Assessor and Tax Collector. The district operates on a calendar year basis.

ASSESSED VALUATIONS AND ASSESSMENTS

Land is the tax base, not crops, buildings, or other forms of personal or real property. Kern County's 1976/77 assessed valuation for land in the district is \$4,772,417. The district assesses its own land at \$50 per acre excluding district rights-of-way. Assessed valuations for the past seven years are shown at right. At \$50 per acre, the 1977 assessed valuation is \$2,765,960. The tax rate of \$6 per \$100 of assessed valuation is equivalent to \$3 per acre, pursuant to district policy that taxes for bond service shall not exceed \$3 per acre in areas not yet served with water. This policy insures that undeveloped land does not have an excessive tax burden.

Up until 1977 ad valorem taxes accounted for about 10 percent of the district's assessments and standby charges, levied on acreage served with water, generated about 90 percent of district assessments. Standby rates in 1976 were \$65 per acre (with minor variations) in Zone 1 and \$76.18 per acre on 1,334 acres in Zone 2. These charges plus the ad valorem tax paid bond service on all outstanding bonds and the capital cost component of the contract with Kern County Water Agency.

BERRENDA MESA WATER DISTRICT ASSESSED VALUATIONS AND TAX RATES (DISTRICT ASSESSED)

Calendar Year	Land Only Assessed Valuation	Tax Rate Per Acre	Tax Rate Per \$100 of Assessed Valuation
1969.....	\$3,347,620*	\$3.00	\$8.85
1970.....	2,823,010	3.00	6.00
1971.....	2,759,700	3.00	6.00
1972.....	2,755,800	3.00	6.00
1973.....	2,776,130	3.00	6.00
1974.....	2,758,930	3.00	6.00
1975.....	2,763,390	3.00	6.00
1976.....	2,765,960	3.00	6.00
1977.....	2,765,960	3.00	6.00

* Reflects 18-month accounting period when district converted from fiscal to calendar year basis.

Source: Annual audit reports as prepared by the district's independent auditors, Bailey, Brennan & Davis, Accountants, Inc., Bakersfield.

DROUGHT EMERGENCY POLICY

The 1976/77 drought caused cutbacks in the contract entitlements of all contractors and subcontractors to the State Water Project. Berrenda Mesa's 1977 entitlement of 124,000 acre-feet (84,800 acre-feet of firm water and 39,300 acre-feet of supplemental water) was cut to 33,920 acre-feet from the State Water Project. Under an exchange agreement with Metropolitan Water District of Southern California, up to 400,000 acre-feet of water was made available to State Water Project contractors and their subcontractors. Berrenda Mesa Water District received 46,606 acre-feet of this water, bringing the 1977 total to 80,526 acre-feet, or 65 percent of the original 1977 entitlement.

The Board of Directors determined priorities for allocating water, based on state guidelines and district financing policy. The Board determined that permanent crops represent about 75 percent of the value of the district. Permanent crops on lands which have paid standby charges (about 50 percent of the planted acreage) are receiving enough water to produce about 1/2 of a normal crop. Permanent crops on non-standby lands (7 percent of the planted acreage) and row crops are allocated about one acre-foot per acre.

The board decided that, due to reduced water supply, it would be inequitable to levy a standby charge, and the revenues should be more fairly generated by water tolls. The district's 1977 budget calls for 80,526 acre-feet at \$71.00 per acre-foot, compared to the 1976 charge of about \$14 per acre-foot. The district's tax collector reports that all landowners have paid their 1977 water tolls.

BERRENDA MESA WATER DISTRICT 1976/77 TAX RATES (PER \$100 ASSESSED VALUATION)* CODE AREA 88-04

County of Kern.....	\$2.5896
Fire	0.6612
West Side Hospital Maintenance.....	0.0351
West Side Mosquito Abatement District.....	0.0397
Kern County Water Agency.....	0.0450
Kern County Water Zone No. 1.....	0.1490
Schools and Kern Community College.....	3.7622
Total	\$7.2818

* Taxes levied on county tax bill. District collects taxes separately, as explained above.

Source: Auditor-Controller, Kern County.

**BERRENDA MESA WATER DISTRICT
TOTAL ANNUAL DEBT SERVICE**

Calendar Year	General Obligation Bonds			Warrants		Warrants	State and Federal Loans		Total Annual Debt Service
	\$7,990,000 Series A 1967	\$3,000,000 Series B 1969	\$2,710,000 Series C 1976	\$350,000 1969	\$1,000,000 1972	\$3,000,000 1977 (Estimated)	State Construction Loans	Federal Drought Loans ^②	
1970.....	\$509,350	\$ —		\$80,125					\$ 589,475
1971.....	549,350	202,050		81,675					833,075
1972.....	566,750	227,050		82,937					876,737
1973.....	582,850	225,300		83,913	\$185,000				1,077,063
1974.....	597,650	223,550		84,600	177,850				1,083,650
1975.....	611,150	221,800			180,700				1,013,650
1976.....	613,650	220,050			333,000				1,166,700
1977.....	614,900	218,300	\$183,300 ^①		328,000				1,345,000
1978.....	615,800	241,550	193,300			\$240,000		\$291,300	1,581,950
1979.....	616,050	238,050	207,850			840,000		291,300	2,193,250
1980.....	615,650	234,550	206,663			892,000	\$97,126	291,300	2,337,289
1981.....	614,600	231,050	205,413			936,000	97,126	291,300	2,375,489
1982.....	612,900	227,550	204,100			972,000	97,126	291,300	2,404,976
1983.....	616,550	249,050	227,725				97,126	91,300	1,281,751
1984.....	607,550	243,800	224,850				97,126	91,300	1,264,626
1985.....	603,900	238,550	221,850				97,126	91,300	1,252,726
1986.....	599,600	233,300	243,750				97,126	91,300	1,265,076
1987.....	594,650	228,050	238,950				97,126	91,300	1,250,076
1988.....	589,050	247,800	234,000				97,126	91,300	1,259,276
1989.....	582,000	240,800	228,975				97,126	91,300	1,240,201
1990.....	575,900	234,300	248,875				97,126	91,300	1,247,501
1991.....	578,350	227,800	242,075				97,126	91,300	1,236,651
1992.....	569,500	246,300	235,275				97,126	91,300	1,239,501
1993.....	570,000	238,175	253,475				97,126	91,300	1,250,076
1994.....	560,000	229,925	244,975				97,126	91,300	1,223,326
1995.....	559,375	246,675	236,350				97,126	91,300	1,230,826
1996.....	557,500	236,770	252,725				97,126	91,300	1,235,421
1997.....	554,375	251,875	267,375				97,126	91,300	1,262,051
1998.....	550,000	240,325	280,300				97,126	91,300	1,259,051
1999.....	544,375	228,600	291,500				97,126	91,300	1,252,901
2000.....	537,500	241,875	275,750				97,126	91,300	1,243,551
2001.....	529,375	228,475	285,000				97,126	91,300	1,231,276
2002.....	510,000	240,075	267,500				97,126	91,300	1,206,001
2003.....							97,126	91,300	188,426
2004.....							97,126	91,300	188,426
2005.....							97,126	91,300	188,426
2006.....							97,126	91,300	188,426
2007.....							97,126	91,300	188,426
2008.....							97,126	91,300	188,426
2009.....							97,126	91,300	188,426
2010.....							97,126	91,300	188,426
2011.....							97,126	91,300	188,426
2012.....							97,126	91,300	188,426
2013.....							97,126	91,300	188,426
2014.....							97,126	91,300	188,426
2015.....							48,615	91,300	139,915

① One-half funded by bond proceeds.

② Assumes repayment on \$1,567,071 loan from Economic Development Administration begins in 1978.

**BERRENDA MESA WATER DISTRICT
KERN COUNTY ASSESSED VALUATIONS, 1976/77**

Code Area Number	Secured	Unsecured	Total*
88-04.....	\$11,917,302	\$889,432	\$12,806,734
88-05.....	1,585,968	40,759	1,626,727
88-09.....	5,462	—	5,462
88-15.....	95,104	1,000	96,104
			<u>\$14,535,027</u>

* Includes homeowners' and business inventory exemptions.

Source: Auditor-Controller, Kern County.

MAXIMUM PROPERTY TAX RATE

The maximum property tax rate which may be levied by or on behalf of a special district such as Berrenda Mesa Water District, is described commencing with Section 2201 of the California Revenue and Taxation Code.

Berrenda Mesa Water District operates on a calendar year, and by statute the maximum tax rate which may be levied is that levied in either calendar 1972 or 1973, at the option of the district's board of directors, or as authorized by qualified voters.

Berrenda Mesa Water District may levy a rate in addition to its maximum property tax to pay costs mandated by the federal government, by the courts, or by initiative enactment, which are not funded by federal or state government, and to pay interest and principal on voter-authorized bonded and other indebtedness.

The district does not prepare its assessment roll based upon full cash value. Section 2266.1 provides an alternate procedure for establishing the maximum property tax rate for such a district. The rate is equivalent to the rate levied in calendar year 1972 or 1973 (\$6.00) plus the percentage change between the county's 1972/73 equalized secured assessment roll and that of the current year. Under this section, the district's maximum property tax rate in 1978 would be \$11.53 per \$100 of assessed valuation.

DEBT SERVICE REQUIREMENTS

The table on the next page shows the district's annual debt requirements on its general obligation bonds, its warrants, and its loans.

TAX COLLECTIONS AND DELINQUENCIES

The district levies and collects taxes and standby charges as provided in Sections 36550 to 37150 of the California Water Code. Taxes for each calendar year

**BERRENDA MESA WATER DISTRICT
TAX AND STANDBY CHARGE DELINQUENCIES**

Calendar Year	Ad Valorem Tax			Standby Charge		
	Amount Levied	Amount Collected	Percent Delinquent December 31	Amount Levied	Amount Collected	Percent Delinquent December 31
1970.....	\$169,381	\$157,246	7.16	\$ 672,754	\$ 638,982	5.02
1971.....	165,582	161,123	2.69	1,289,119	1,227,428	4.79
1972.....	165,337	163,773	0.95	2,074,823	2,044,601	1.46
1973.....	165,322	160,116	3.15	2,022,811	1,997,128	1.27
1974.....	165,430	159,547	3.56	1,765,706	1,756,661	0.51
1975.....	166,162	165,091	0.65	2,432,093	2,416,477	0.64
1976.....	165,747	165,152	0.36	2,172,854	2,170,101	0.12

Calendar Year	Overall Delinquent Taxes and Standby Charges, December 31		Amount Received From Prior Years	Net Collections Over (Under) Assessments
	Amount	Percent		
1970.....	\$45,907	5.45	\$25,756	(\$20,151)
1971.....	66,150	4.55	44,481	(21,669)
1972.....	31,786	1.42	56,724	24,938
1973.....	30,889	1.41	12,589	(18,300)
1974.....	14,928	0.77	65,366	50,438
1975.....	16,687	0.64	16,392	(295)
1976.....	3,348	0.14	14,841	11,493

Source: Annual audit reports as prepared by the district's independent auditors, Bailey, Brennan & Davis, Accountants, Inc., Bakersfield.

may be paid in two equal installments. The first installment becomes delinquent if not paid by the last business day in May. The second installment becomes delinquent if not paid by the last business day in September. Upon delinquency, a penalty of 5 percent of the delinquent assessment is added and the property is conveyed to the district. Also, by policy, the district will not provide water to property not paid-up on its assessments.

Property sold to the district for delinquent assessments may be redeemed within three years of the date it was conveyed to the district. The redemptioner must pay the amount of delinquent assessments and 5 percent penalty, together with interest on that amount at 10 percent per year from the date of delinquency, but not less than ¾ of 1 percent for any portion of a month. In addition, the redemptioner must pay the recorder's fees and the cost of publication of the delinquent notice.

If the property is not redeemed after three years, the district tax collector records a collector's deed conveying title on the property to the district. Taxes levied for state, county, municipal or other district purposes remain as a lien on the property. Title acquired by the district may be sold at public auction or private sale.

Property sold for delinquent assessments is still assessed during the three years, as if it never had been conveyed in lieu of taxes. The district treasurer must estimate that portion of the amount belonging to the general obligation bond fund and pay it from the general fund into the general obligation bond fund.

As shown in the table opposite, the district has had a delinquency rate below 2 percent for the past five years. Kern County reports that delinquency on the county-

assessed secured tax levy in the district has been below 1 percent for the past 3 years.

As of July, 1977, all landowners had paid both the ad valorem tax and all water tolls (in lieu of assessments).

APPRAISED VALUE OF LAND

Jerrold E. Fisher, of Karpe-Fisher Co., Real Estate Appraisers, conducted an appraisal of land in the district as of May 1, 1976. In the appraiser's opinion, the estimated market value of land was as follows:

Permanent planted areas	\$ 82,666,000
Cultivated land for field crops	15,720,000
Grazing land, rights-of-way, and other	3,390,000
District facilities (depreciated value)	10,250,000
Total	\$112,026,000
Rounded to	\$112,000,000

Appraised value per assessable acre (55,274) is about \$2,000. A copy of the appraiser's letter is included as an appendix to this Official Statement.

In conjunction with the sale of Series B bonds, the appraiser valued the land in Berrenda Mesa Water District at \$19,758,000. The 1976 estimate of market value is about five times above the appraiser's 1968 estimate, primarily because substantial land areas in the district have been planted to permanent crops; additional lands are now being irrigated; and that there have been additional improvements by landowners and the district.

These varietal wine grapes were planted in 1974 by El Vic Farming Company. The district has about 5,300 acres planted in wine grapes. (Rountree photo)



DISTRICT FINANCIAL STATEMENTS

District statements of income (revenues and expenses) have been summarized in the accompanying table. The district's financial statements are prepared on an accrual basis, except the budget, which is on a cash basis. A summary of the district's balance sheets for the past five years is also shown in this section of the official statement.

The district's primary source of operating income is irrigation water sales. Primary expenses are water pur-

chased from Kern County Water Agency, pumping costs, and transmission and distribution. Pumping costs have increased substantially in the past two years, due both to the increases on fuel and electricity and to the installation of a new pump station in the district. Transmission and distribution costs increased in 1974 due to construction of the pumping plant.

Three years of working capital statements for the general fund are shown in the accompanying table. Copies of the district's 1976 audit is available upon request.

BERRENDA MESA WATER DISTRICT FIVE-YEAR STATEMENT OF INCOME

	1972	1973	1974	1975	1976
OPERATING INCOME					
Revenues					
Water sales					
Residential	\$ —	\$ 10,958	\$ 29,847	\$ 33,901	\$ 22,803
Irrigation	850,631	1,138,218	1,164,520	1,517,918	737,017 ^①
Total Water Sales	\$ 850,631	\$1,149,176	\$1,194,367	\$1,551,819	\$ 759,820
Expenses					
Source of supply (purchased water)	\$1,485,076	\$1,615,333	\$1,609,536	\$1,877,338	\$ 722,680 ^②
Pumping	348,955	362,576	507,948	645,069	889,545
Transmission and distribution	135,895	166,802	319,013	187,874	199,263
Customer accounts	17,171	16,183	18,562	19,775	9,572
Administration and general	117,505	118,814	142,259	160,481	163,982
Depreciation	165,460	169,510	174,117	166,441	169,244
Taxes	634	108	416	99	1,128
Other operating	8,366	7,584	24,520	21,325	22,531
	\$2,279,062	\$2,456,910	\$2,796,371	\$3,078,402	\$2,937,765
Net Operating Income	(\$1,428,431)	(\$1,307,734)	(\$1,602,004)	(\$1,526,583)	(\$1,418,125)
NON-OPERATING INCOME					
Revenues					
Interest revenues	\$ 117,673	\$ 151,935	\$ 229,717	\$ 174,572	\$ 185,580
Taxes and assessments	2,240,160	2,188,133	1,931,136	2,598,254	2,338,323
Other income	11,836	13,266	5,969	12,093	12,049
Total Non-Operating Income	\$2,369,669	\$2,353,334	\$2,166,822	\$2,784,919	\$2,535,952
Expenses					
Interest on long-term debt:					
Warrants	\$ 44,476	\$ 41,839	\$ 35,665	\$ 29,054	\$ 15,437
Bonds	705,975	699,675	692,075	683,175	673,300
Loans	—	—	—	—	125,752
Total Non-Operating Expenses	\$ 750,451	\$ 741,514	\$ 727,740	\$ 712,229	\$ 814,489
Net Non-Operating Income	\$1,619,218	\$1,611,820	\$1,439,082	\$2,072,690	\$1,721,463
Net Income (Loss)	\$ 190,787	\$ 304,086	(\$ 162,922)	\$ 546,107	\$ 303,338

① In prior years 60% of the cost of State Project Water was included as income offset by a credit for 60% of water tolls due as of January 1 of the following year. Water tolls were increased in 1977 (see text for explanation).

② Does not include 60% of the cost of State Project Water for 1977, due to Emergency Policy adopted by Board of Directors March 1, 1977.

Source: Compiled from annual audits prepared by Bailey, Brennan & Davis, Accountants, Inc., Bakersfield.

BERRENDA MESA WATER DISTRICT
BALANCE SHEETS, ALL FUNDS
FIVE-YEAR SUMMARY

	1972	1973	1974	1975	1976
ASSETS					
Current assets					
Cash on hand, on deposit and temporary investments	\$ 2,963,514	\$ 2,911,396	\$ 3,244,742	\$ 3,421,640	\$ 3,962,158
Accounts receivable	689,169	2,964,012	3,420,827	3,365,334	5,409,744
Due from other funds.....	4,065	818	—	7,637	1,094
Accrued interest on investments.....	24,999	25,886	10,708	15,333	15,525
Total Current Assets.....	\$ 3,681,747	\$ 5,902,112	\$ 6,676,277	\$ 6,809,944	\$ 9,388,521
General properties and equipment①.....	\$10,051,404	\$ 9,961,862	\$10,051,942	\$11,511,478	\$13,325,918
Prepaid expenses (workman's compensation)	3,000	3,000	3,000	3,000	3,000
Security deposit	—	30,000	—	—	—
Deferred interest accrued on state loans....	—	—	—	55,768	—
Cost of 1977 water	—	—	—	—	3,341,979
Bonds authorized—unissued	27,160,000	27,160,000	27,160,000	27,160,000	41,950,000
Total Assets	\$40,896,151	\$43,056,974	\$43,891,219	\$45,540,190	\$68,009,418
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable	\$ 1,037,154	\$ 1,399,263	\$ 1,646,584	\$ 1,641,975	\$ 3,476,367
Payroll withholding payable.....	1,356	—	—	—	—
Deferred income or prepaid taxes②.....	191,154	1,931,046	2,598,395	2,338,334	—
Due to other funds.....	4,065	818	—	7,637	1,094
Bonds payable	105,000	125,000	145,000	155,000	165,000
Warrants payable	130,000	130,000	140,000	300,000	300,000
Bond interest payable.....	—	—	343,975	339,200	334,100
Warrant interest payable.....	43,542	37,881	32,221	26,125	13,062
Total Current Liabilities.....	\$ 1,512,271	\$ 3,624,008	\$ 4,906,175	\$ 4,808,271	\$ 4,289,623
Deferred interest payable on state loans....	—	—	—	\$ 55,768	\$ 125,752
Charges to landowners—1977 water and taxes	—	—	—	—	5,640,161
Long-term liabilities					
1972 Warrants	\$ 1,000,000	\$ 870,000	\$ 740,000	\$ 600,000	\$ 300,000
1967 Series A bonds.....	7,890,000	7,810,000	7,710,000	7,590,000	7,460,000
1969 Series B bonds.....	2,975,000	2,950,000	2,925,000	2,900,000	2,875,000
1976 Series C bonds.....	—	—	—	—	2,710,000
Loans from State Department of Water Resources.....	—	—	—	1,600,000	1,600,000
Total Long-term Liabilities.....	\$11,865,000	\$11,630,000	\$11,375,000	\$12,690,000	\$14,945,000
Less current maturities included above.	235,000	255,000	285,000	455,000	465,000
Total Long-term Liabilities, Net... ..	\$11,630,000	\$11,375,000	\$11,090,000	\$12,235,000	\$14,480,000
EQUITY					
Surplus					
Reserve for authorized expenditures....	\$27,160,000	\$27,160,000	\$27,160,000	\$27,160,000	\$41,950,000
Bond Reserve Fund.....	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
Interest in fixed assets.....	—	—	—	(1,178,522)	(1,619,082)
Fund balances	(556,120)	(252,034)	(414,956)	(1,178,522)	1,992,964
Total Liabilities and Equity.....	\$40,896,151	\$43,056,974	\$43,891,219	\$45,540,190	\$68,009,418

① Cost less accumulated depreciation.
② Prepaid taxes only in 1972; other years show deferred income.
Source: Compiled from annual audits prepared by Bailey, Brennan & Davis, Accountants, Inc., Bakersfield.

**BERRENDA MESA WATER DISTRICT
STATEMENT OF CHANGES IN FINANCIAL POSITION
GENERAL FUND
THREE-YEAR SUMMARY**

	1974	1975	1976
Funds were provided by:			
Net income	\$ —	\$1,116,604	\$ 975,598
Non-cash charges included in net income (or net loss)			
Depreciation	174,117	166,441	169,244
Adjustment-inventory	—	4,745	—
Increase in deferred credit	—	—	5,584,313
Sale of fixed assets	96	—	3,826
Total	\$ 174,213	\$1,289,840	\$6,733,061
Funds were applied:			
Net loss	\$ 162,922	\$ —	\$ —
Purchase of plant and equipment	234,293	12,131	150,121
Transfer to Debt Service Fund	255,000	812,799	1,082,950
Increase in current portion of long-term debt	30,000	—	—
Increase in deferred debits	—	—	3,286,211
Total	\$ 682,215	\$ 824,930	\$4,519,282
Increase (Decrease) in Working Capital	\$ (508,002)	\$ 464,910	\$2,213,779

22

DIRECT AND OVERLAPPING DEBT

A statement of direct and overlapping debt as of November 14, 1977 is shown in the accompanying table. Direct debt includes the district's outstanding general

obligation bonds, and the 1977 notes to be sold. Direct and overlapping debt per assessable acre is about \$287. Debt statistics have been provided by California Municipal Statistics, Inc.

**BERRENDA MESA WATER DISTRICT
DIRECT AND OVERLAPPING DEBT**

	Percent Applicable	Debt as of November 14, 1977
Kern County Joint Union High School District	0.113%	\$ 1,469
Kern Community College District (1915 Act Bond)	0.762	1,486
Berrenda Mesa Water District	100.000	15,880,000 ^①
Total Direct and Overlapping Debt		\$15,882,955

	1977/78 Land Only Assessed Valuation ^② (\$4,772,417)	1977/78 All-Property Assessed Valuation ^② (\$14,535,027)	Assessable Acres (55,274)
Direct Debt	332.75%	109.25%	\$287.30
Total Debt	332.81	109.27	287.35

Authorized and Unsold Bonds:

Berrenda Mesa Water District

^① Including \$3,000,000 warrants to be sold November 14, 1977; does not include other promissory notes (if any) or loans.

^② Kern County assessed valuations.

Source: Prepared in cooperation with California Municipal Statistics, Inc.

1977 AND 1978 BUDGETS

Budgets for 1977 and 1978 are shown in the accompanying table. Standby charges are reduced in 1977 and eliminated in 1978, and water tolls increased. The dis-

trict has budgeted \$1,400,000 for purchase of additional water from other sources, including Metropolitan Water District of Southern California, if water is available.

BERRENDA MESA WATER DISTRICT 1977 AND 1978 BUDGETS

	Budget 1977	Proposed Budget 1978 ^①
Revenues		
Carryover	\$1,118,286	\$ 918,000
Ad valorem	165,958	166,000
Standby	11,505	—
Drought loan funds	2,500,000	—
Warrant funds	—	3,000,000
Pump repayment from DWR	769,055	—
Other repayment	19,175	19,175
Estimated interest on investments	100,000	100,000
Water tolls	2,869,917	4,260,650
Total Revenue	\$7,553,896	\$8,463,825

	Budget 1977	Proposed Budget 1978 ^①
Expenditures		
Purchased water (KCWA contract)	\$2,285,001	\$2,205,000
Supplemental water (MWDSC or other)	1,398,180	1,400,000
60% of next year's fixed costs	971,580	1,150,000
	\$4,654,761	\$4,755,000
Pumping	790,180	1,345,000
Transmission and distribution	230,115	255,000
Customer accounts	16,950	18,500
Administrative and general	156,600	173,000
Other operating	95,593	40,000
	\$1,289,438	\$1,831,500

Transfers and Reimbursements

Series A bond service	573,489	610,925
Series B bond service	208,300	239,800
Series C bond service	193,300	193,300
1972 warrants	314,250 ^②	—
1977 warrants (est.)	—	240,000
Loan repayments	—	291,300
	\$1,289,348	\$1,575,325

Reserves

Contingencies	318,349	300,000
Delinquency factor	2,000	2,000
Total Expenditures	\$7,553,896	\$8,463,825

^① Assumes district receives 91,800 acre-feet (firm entitlement) in 1978.

^② Final payment.

Source: Berrenda Mesa Water District.

KERN COUNTY AGRICULTURE

Agriculture has long dominated Kern County industry. The Kern County Agricultural Commissioner reports in the 1976 Agricultural Crop Report that the estimated value of direct farm marketings in 1975 was \$873,655,800, an increase of 17 percent over 1975. Direct farm marketings represents a gross FOB value, not net income to the farmer. Total harvested acreage in 1976 was 971,718, an increase of 45,399 acres over 1975.

Cotton is the county's most important crop. Total 1976 value, including seed, was estimated at \$266,741,000. Grapes, the second largest crop, were valued at \$120,010,000, and cattle and calves were third, valued at \$61,862,000. Kern County had a total of 39 crops valued at over \$1,000,000 in 1976. According to the agricultural commissioner, for every dollar derived from direct farm marketings, at least another five dollars is estimated to be generated in related agri-business industries. On that basis, the impact on the county from agricultural production is about \$5.2 billion.

AGRICULTURAL DEVELOPMENT IN BERRENDA MESA WATER DISTRICT

Before the first deliveries of state project water beginning in 1968, only 2,000 acres in the district were irrigated, using local ground water sources.

The district's agricultural potential is 52,000 irrigable acres. As of 1976, 45,502 acres were planted, about 93 percent of the total irrigable acres. In 1977, 45,556 acres were capable of being planted, but may not actually have been planted during the drought.

Almonds. Almonds, ninth in importance in the county, are the district's most important single crop in

BERRENDA MESA WATER DISTRICT 1977 CROP PATTERN

Crop	Year of Planting	Acreage	Percent Acreage of County
Almonds	1966	80	
(Bearing @ 4th year;	1968	1,147	
full crop @ 6th year)	1969	631	
	1970	1,420	
	1971	4,800	
	1972	1,160	
	1974	4,437	
	1975	594	
		14,269	26.1%
Pistachios	1971	611	
(Bearing @ 5th year;	1973	2,640	
full crop @ 7th year)	1974	3,346	
	1975	920	
		7,517	55.7
Wine Grapes	1971	716	
(Bearing @ 3rd year;	1972	3,007	
full crop @ 6th year)	1973	758	
	1974	815	
		5,296	12.5
Total, permanent plantings		27,102 ^①	
Row crops (annual) ^②		18,454	
		45,556	

^① Includes 20 acres olives.

^② Includes cotton, grain, peppers, tomatoes, potatoes, etc. Not fully planted.

**BERRENDA MESA WATER DISTRICT
ESTIMATED CROP VALUE SUMMARY**

Crop ^①	1971			1972			1973		
	Acres	Yield	Value	Acres	Yield	Value	Acres	Yield	Value
Almonds	8,696	275	\$ 275,000	11,000	617	\$ 777,420	11,000	1,162	\$ 3,056,060
Grapes	708	—	—	3,760	—	—	4,505	3,100	468,100
Pistachios	594	—	—	594	—	—	3,080	—	—
Cotton ^②	7,850	21,600	3,265,920	13,800	37,950	5,646,960	11,490	31,600	9,100,800
Wheat	160	320	17,600	—	—	—	—	—	—
Barley	290	580	31,900	600	1,200	69,000	2,140	4,280	308,160
Peppers	—	—	—	—	—	—	560	3,360	1,599,360
Potatoes	160	3,200	134,400	—	—	—	160	3,040	364,800
Onions	—	—	—	—	—	—	—	—	—
Garlic	—	—	—	—	—	—	—	—	—
Tomatoes	—	—	—	—	—	—	560	11,760	399,840
Beans	—	—	—	—	—	—	880	1,320	765,600
Sugar beets	8,200	196,800	2,676,480	1,100	27,500	390,500	—	—	—
Miscellaneous	—	—	—	400	—	425,160	—	—	—
Total	26,658		\$ 6,401,300	31,254		\$ 7,309,040	34,375		\$16,062,720

Crop ^①	1974			1975			1976		
	Acres	Yield	Value	Acres	Yield	Value	Acres	Yield	Value
Almonds	13,080	2,750	\$ 4,400,000	14,269	2,900	\$ 3,770,000	14,269	4,200	\$ 5,712,000
Grapes	6,560	2,627	249,565	5,296	27,990	1,755,000	5,296	33,700	2,991,000
Pistachios	5,296	—	—	6,597	—	— ^③	7,517	—	— ^③
Cotton ^②	9,060	24,915	5,979,600	6,530	17,960	4,569,024	8,285	22,800	7,551,000
Wheat	—	—	—	3,500	7,000	910,000	6,070 ^④	12,140	1,323,000
Barley	1,154	2,308	242,340	3,230	6,460	658,920	— ^④	—	—
Peppers	—	—	—	—	—	—	160	960	346,000
Potatoes	320	6,080	668,800	—	—	—	465	9,080	700,000
Onions	400	10,800	502,200	1,480	26,640	1,411,920	1,110	22,100	1,408,000
Garlic	—	—	—	240	1,344	215,712	580	4,000	708,000
Tomatoes	560	11,200	636,160	640	12,160	705,280	890	21,800	1,025,000
Lettuce	—	—	—	—	—	—	80	1,200	229,000
Honeydew melons	—	—	—	—	—	—	160	2,000	489,000
Cantaloupe	—	—	—	—	—	—	420	3,800	743,000
Miscellaneous (est.)	—	—	—	100	—	10,000	200	—	20,000
Total	36,430		\$12,678,665	41,882		\$14,005,856	45,502		\$23,245,000

① Crop yields expressed in tons (except cotton).

② Cotton yields expressed in bales.

③ No commercial production yet.

④ Wheat and barley combined.

Source: Developed by Berrenda Mesa Water District from Kern County agricultural statistics.

terms of number of acres. At the end of 1976, 14,269 acres were planted in almonds. Almond trees begin to bear in their fourth year and yield a full crop in their sixth. The value of the district's 1976 almond crop is estimated at about \$5,712,000.

Pistachio Nuts. The pistachio nut was introduced into California about 80 years ago. According to the Kern County Agricultural Crop Report for 1975, about 13,400 acres of pistachio nuts were planted in recent

years, and the crop has commercial potential. Most pistachios currently on the market are imported from Iran, Turkey, and China. The U.S. Department of Commerce estimates that in 1974 about 25 million pounds were imported, valued at \$25,761,000.

Berrenda Mesa Water District has about half of Kern County's pistachio acreage, though few of the trees are of mature bearing age. A tree is considered mature at 7 or 8 years of age and produces about 300 pounds of nuts in shell per tree. Based on those yields, the pistachio

acreage in Berrenda Mesa Water District should yield a total of almost 2 million pounds of nuts when all trees now planted reach maturity.

Cotton. Cotton is an annual row crop. During 1976, 8,285 acres in the district were planted in cotton. The drought has reduced cotton acreage in 1977, as farmers planted crops such as vegetables, which require less water. Cotton must not be planted on the same land for too many seasons or it will develop wilt. Growers practice crop rotation between cotton and various grains.

Wine Grapes. About 5,300 acres of wine grapes are planted in the district. About 4,480 acres are now bearing. Some of the varieties of wine grapes include Chenin Blanc, Napa Gamay, Ruby Cabernet, Barbera, Rubired, Roy, French Colombard, and Grenache.

WATER PAYMENT CAPACITIES

Farm operators must grow crops that provide adequate water payment capacity. Water payment capacity is an agricultural concept whereby the gross revenue of a crop is compared to the costs incurred in producing the crops, except water costs. The residual is a measure of what the crop could afford to pay for water.

The information in the table below is based on estimates from Blackwell Land Company, the district's largest landowner. The company's major crops are wine grapes, pistachios and almonds. A pro forma cash flow for those crops estimates water payment capacity at maturity, in times of normal water delivery. During the drought, due to reduced yields and higher water costs, agriculturalists may experience negative cash flows.

BERRENDA MESA WATER DISTRICT ESTIMATED ONE ACRE PRO FORMA CASH FLOW PERMANENT CROPS, AT MATURITY

	Grapes	Pistachios	Almonds
Revenues			
Yield, at full maturity ^①	11 tons	3,000 lbs.	1,700 lbs.
Price per unit ^②	\$ 82/ton	\$0.95/lb.	\$0.71/lb.
Gross Revenues	\$902	\$2,850	\$1,207
Less profit (10%).....	\$ 90	\$ 285	\$ 121
	\$812	\$2,565	\$1,086
Expenses			
Operating costs (including irrigation, cultural, harvest and haul, property tax and general administration).....	\$634	\$ 707	\$ 522
Water Payment Capacity.....	\$178	\$1,858	\$ 564
Water Costs, 1977			
Standby charge (not levied)	\$ —	\$ —	\$ —
Ad valorem tax.....	3	3	3
Water toll ^③ (2.85 a.f. @ \$71/a.f.).....	202	202	202
	\$205	\$ 205	\$ 205
Water Costs, normal delivery^④			
Standby charge	\$ 84	\$ 84	\$ 84
Ad valorem tax.....	3	3	3
Water toll (3 a.f. @ \$23/a.f.).....	69	69	69
	\$156	\$ 156	\$ 156

① Yield figures from Blackwell Land Company.

② Figures based on three-year averages from county crop report, except pistachios, which have only one year of production.

③ Based on maximum 1977 allocations of 2.85 a.f.

④ As estimated by district.

Source: Blackwell Land Company and Kern County Agricultural Department.

DRIP IRRIGATION

About 7,900 acres of permanent plantings in the district (almonds, pistachios, and wine grapes) are being irrigated using the drip method. An emitter at the base of each tree or vine releases water slowly, thoroughly and deeply soaking the soil. Liquid fertilizer may be added to the water. Using drip irrigation, less water is lost due to evaporation than by using standard sprinkler or furrow irrigation. In addition, when water is applied only to the base of each tree or vine, less water is available for weed growth between the plants. Drip irrigation uses about 20% less water than sprinklers.

Blackwell Management Company and Berrenda Mesa Farming Company, the two largest farming groups, have about 4,400 and 3,500 acres respectively under drip irrigation.

TRANSPORTATION AND UTILITIES

State highways 33 and 46 bisect Berrenda Mesa Water District, intersecting at Blackwell's Corner, a small

commercial area in the southern portion of the district. State highway 46 is the district's major link to the three most important north-south highways in California. Via state highway 46, U.S. 101 is about 35 miles west of the district at Paso Robles, Interstate 5 is about 12 miles to the west, and state highway 99 is about 35 miles from the district. These three north-south routes provide access to major metropolitan markets in Los Angeles, San Francisco and to regional distribution centers in Fresno and Bakersfield.

Both Blackwell Land Company, Inc. and Berrenda Mesa Farming Company maintain private air facilities in the district. Blackwell Land Company, Inc. has a 3,600-foot paved airstrip adjacent to their headquarters. The Berrenda Mesa Farming Company airstrip is adjacent to its processing facility near highway 33.

Utilities serving Berrenda Mesa Water District are Pacific Gas & Electric Company and Continental Telephone Company.

These are mature almond trees in Zone 1, planted in 1969. District-grown almonds brought an estimated 1976 return of about \$5,700,000. (Rountree photo)



KARPE-FISHER Co

Real Estate Appraisers

ELMER F. KARPE, MAI - Founder
JERROLD E. FISHER, SRPA, ARA, SR/WA
BRUCE BEAUDOIN - MAI - SRA

4006 MING AVENUE - MAILING ADDRESS: P. O. BOX 1968
BAKERSFIELD, CALIFORNIA 93303
Telephone: (805) 832-0322

May 14, 1976

Board of Directors RE: File #741-10
Berrenda Mesa Water District Appraisal
1415 - 18th Street, Room 306 Berrenda Mesa Water District
Bakersfield, California 93301 Kern County, California

Attention: Mr. H. Ronald Lampson
Engineer-Manager

Gentlemen:

At Mr. Lampson's request, we are herewith submitting our appraisal of the lands of the Berrenda Mesa Water District, Kern County, California. As further requested by Mr. Lampson, a formal appraisal report with all documentation has not been prepared. Factual data, studies and analyses which have been utilized in our appraisal in order to form the opinion of value shown herein is retained in our files and, upon request, can be made available.

The purpose of the appraisal is to estimate the market value of the property within the District to include land, permanent plantings and District improvements subject to the limiting conditions shown as of May 1, 1976.

Market value as herein used is defined as the highest price estimated in terms of money which the property will

bring if exposed for sale in the open market by a willing seller, allowing a reasonable time to find a buyer, neither buyer nor seller acting under compulsion, both having full knowledge of all the uses and purposes to which the property is best adapted and for which it is capable of being used, and both exercising intelligent judgment.

In the acceptance of this appraisal assignment and the completion of the appraisal report, submitted herewith, it has been assumed by the appraiser:

1. That the title to the property is marketable.
2. That no responsibility is assumed by the appraiser for legal matters, especially those affecting title to the property.
3. That the legal description as given is correct.
4. That certain opinions, estimates, data and statistics furnished by others in the course of my investigation are correct.
5. That the value estimated and reported is in dollars on the basis of the currency and banking exchange, prevailing on the date of the appraisal.
6. That the management of the property is competent and the ownership is in competent hands.
7. That testimony or attendance in court by reason of this appraisal with reference to the property in question shall not be required unless prior arrangements are made.
8. That neither all nor any contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or through other media without the written consent and approval of the client and or author.

As a result of our investigation and study, it is our opinion that the market value as of May 1, 1976 is the sum of ONE HUNDRED TWELVE MILLION DOLLARS - (\$112,000,000.00).

The following information describes the property and provides the basic supporting data from which the value opinion is derived.

THE DISTRICT

The Berrenda Mesa Water District is located in the northwesterly portion of Kern County, California approximately 60 miles northwest of the City of Bakersfield, the center of Kern County government. Access to the area is good by State Highway 46 which connects to Interstate

Highway 5 in the Lost Hills area approximately 10 miles to the east. The Berrenda Mesa Water District was formed to contract for water from the State Water Project with initial deliveries of this imported water occurring during 1968. The District encompasses a total acreage of 55,443.65 acres and is located within the quadrants of the intersection of State Highways 46 and 33. Prior to the importation of water, the majority of lands in the District were utilized for grazing purposes with the exception of a small portion lying north of Highway 46 which was farmed utilizing deep wells equipped with turbine pumps. Petroleum production was also found in the area at that time.

Since the importation of water, substantial areas within the District have been developed for irrigated farm land purposes. Initial development was entirely within Zone 1 of the District followed by development in a portion of Zone 3 and, more recently, in 1975 in Zone 2. Land use within the District today is summarized as follows:

Permanent Plantings

Almonds - 2-11th leaf	14,269.00 Acres
Pistachios - 3-6th leaf	6,597.00 Acres
Varietal Wine Grapes- 3-6th leaf	5,296.00 Acres

Open Land

Cultivated Land for Field Crops	15,720.00 Acres
Grazing Land	13,561.65 Acres
Total	55,443.65 Acres

Permanent plantings described above approximate 47 per cent of the total lands within the District, cultivated land for field crops - 28 per cent, and grazing land and District rights of way - 25 per cent.

Permanent plantings within the District are primarily in Zone 1. All permanent plantings rely upon permanent type solid set and drip type irrigation systems.

Development to date has been primarily by large farming interests who have established farm headquarters, processing facilities and good quality labor housing within their land ownerships.

The trend in the Berrenda Mesa Water District is classed upwards and relates to the following:

1. Substantial land development to include ground preparation and the installation of permanent type irrigation systems for the established tree and vine crops.
2. Construction of District facilities since 1968.
3. A general upwards trend in commodity prices particularly field crops as opposed to past years which has affected demand for agricultural lands in the San Joaquin Valley.

Demand for land is strong and considered a seller's market at the present time. There have been offsetting trends with regards the varietal grape industry due to overplanting within the Valley; however, a more optimistic attitude is emerging this year. All indications are that present trends will continue in the foreseeable future tempered by fluctuations in commodity prices.

VALUATION

In this study the Cost, Market Data and Income Approaches to value have all been considered. In addition, the appraisers are familiar with the District having been involved in land valuations of the entire District and ownerships with the District since 1965. Other factors that have been considered include trends in other farming districts formed since importation of water from the California Aqueduct to include market activity and demand for these type lands.

After considering all of the factors discussed, it is our opinion that the valuation of the Berrenda Mesa Water District is as follows:

Permanent Plantings

Almonds - 14,269 Acres	\$45,342,000
Pistachios - 6,597 Acres	24,556,000
Varietal Wine Grapes - 5,296 Acres	12,768,000

Open Land

Cultivated Land for Field Crops - 15,720 Acres	\$15,720,000
Grazing Land, Rights of Way, etc. - 13,561.65 Acres	<u>3,390,000</u>

Total	\$101,776,000
-------	---------------

The values arrived at for the different land classifications within the District are based upon different valuations depending upon age of plantings, type of irrigation systems and land condition. Almonds were valued within a range of \$2,000 - \$3,500 per acre; pistachios \$3,300 - \$3,700 per acre; varietal wine grapes \$2,200 - \$2,500 per acre; cultivated land at \$1,000 per acre; and the grazing land at \$250 per acre.

In addition to valuations shown above, the District improvements required to deliver water to the areas within the District now being farmed have been considered. District improvements to date total \$13,000,000 which includes the replacement cost new to install District pump stations, reservoirs, main canal and lateral facilities for turnouts. Of the \$13,000,000, \$11,000,000 was spent for initial construction of the District facilities primarily to transport water into Zones 1 and 3 while \$2,000,000 was spent in 1975 to provide water service to Zone 2. The depreciated value of the District improvements today is estimated to be \$10,250,000.

In conclusion and after careful consideration of all factors utilized to arrive at the opinion of value shown, it is our opinion that the market value of the District is as follows:

1. Permanent Planted Areas	\$82,666,000
2. Cultivated Land for Field Crops	15,720,000
3. Grazing Land, etc.	3,390,000
4. District Facilities	<u>10,250,000</u>
Total	\$112,026,000
Rounded To	<u>\$112,000,000</u>

CERTIFICATION

We hereby certify that we have no interest, present or contemplated, in the property, and that neither the employment to make the appraisal, or the compensation is contingent on the value of the property. To the best of our knowledge and belief, all statements and information in this report are true and correct, subject to the underlying assumptions and contingent conditions.

This appraisal report in all respects has been made in accordance with the Code of Ethics of the American Society of Farm Managers and Rural Appraisers.

It has also been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the American Institute of Real Estate Appraisers of the National Association of Realtors.


We further certify that we have personally inspected the property as well as all other properties referred to in the Market Data Approach and that the selling prices and conditions of sales were verified with one or more of the parties to the transaction.

In view of the foregoing, we estimate the market value of this property to be the sum of ONE HUNDRED TWELVE MILLION DOLLARS - (\$112,000,000.00).

As of May 1, 1976.

Very truly yours,

KARPE-FISHER CO.


Jerrold E. Fisher, ARA, SRPA, SR/WA


Bruce A. Beaudoin, MAI, SRA

JEF:MH
Encl- Qualifications -
Jerrold E. Fisher
Bruce A. Beaudoin

78 01298

U.C. BERKELEY LIBRARIES



C123309435

INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

SEP 05 2024

UNIVERSITY OF CALIFORNIA

